14

STANDING COMMITTEE ON EXTERNAL AFFAIRS

(2011-2012)

FIFTEENTH LOK SABHA

MINISTRY OF EXTERNAL AFFAIRS

DEMANDS FOR GRANTS
(2012-2013)

FOURTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

MAY, 2012/VAISAKHA,1934 (Saka)

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EXTERNAL AFFAIRS
(2011-2012)

(FIFTEENTH LOK SABHA)

MINISTRY OF EXTERNAL AFFAIRS
DEMANDS FOR GRANTS
(2012-2013)

Presented to Lok Sabha on 8th May, 2012
Laid in Rajya Sabha on 8th May, 2012

LOK SABHA SECRETARIAT
NEW DELHI

MAY, 2012/ VAISAKHA, 1934 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS (2011-2012)

Shri Ananth Kumar - Chairman

MEMBERS
LOK SABHA

Sl.No.	Name
2.	Shri Anandrao Adsul
3.	Shri S. Alagiri
4.	Shri Anto Antony
5.	Dr. Shafiqur Rahman Barq
6.	Shri Bhudeo Choudhary
7.	Shri T.K.S. Elangovan
8.	Shri P. Karunakaran
9.	Shri Pradeep Majhi
10.	Shri Inder Singh Namdhari
11.	Shri Zafar Ali Naqvi
12.	Shri Rajendrasinh Rana
13.	Shri K. Chandrasekhar Rao*
14.	Shri Takam Sanjoy
15.	Smt. Sushila Saroj
16.	Dr. Bhola Singh
17.	Shri Janardhana Swamy
18.	Dr. Shashi Tharoor
19.	Vacant
20.	Vacant
21.	Vacant

RAJYA SABHA

22.	Shri Birendra Prasad Baishya
23.	Shri A.W. Rabi Bernard
24.	Shri Murli Deora
25.	Shri H.K. Dua
26.	Dr. K.P. Ramalingam
27.	Dr. Bharatkumar B. Raut
28.	Dr. Karan Singh $
29.	Shri Shivanand Tiwari
30.	Shri Tarun Vijay
31.	Vacant#

SECRETARIAT

1.	Shri U.S. Saxena	-	Joint Secretary
2.	Shri K. D. Muley	-	Director
3.	Dr. Ram Raj Rai	-	Additional Director
4.	Ms. Kiran Bhargava	-	Executive Assistant

---

* Shri K. Chandrasekhar Rao nominated to the Committee on External Affairs w.e.f. 25.11.2011.

$ Ceased to be the Member of the Committee due to expiry of term of Dr. Karan Singh, Member, Rajya Sabha w.e.f. 27.01.12 and re-nominated to the Committee w.e.f. 02.02.2012.

\# Shri Sreegopal Vyas, Member Rajya Sabha ceased to be the Member of the Committee due to expiry of his term w.e.f. 02.04.12.

INTRODUCTION

I, the Chairman of the Standing Committee on External Affairs, having been authorized by the Committee to present the Report on their behalf, present this Fourteenth Report of the Standing Committee on External Affairs (2011-2012) on Demands for Grants (2012-13) of the Ministry of External Affairs.

2. The Committee heard the views of the representatives of the Ministry of External Affairs at the sitting held on 4th April, 2012.

3. The Committee wish to express their thanks to the officers of the Ministry of External Affairs and others for placing before them the material and information that the Committee desired and also appearing before the Committee for placing their considered views before them in connection with the examination of Demands for Grants (2012-13).

4. The Report was considered and adopted by the Committee at their sitting held on 4th May, 2012.

5. The Minutes of the sittings of the Committee held on 4th April, 2012 and 4th May, 2012 are given in Appendix-I and II to the Report.

6. For facility of reference, the observations/recommendations of the Committee have been printed in bold letters in the Report.

NEW DELHI
04 May, 2012
14 Vaisakha, 1934 (Saka)

ANANTH KUMAR,
Chairman,
Standing Committee on External Affairs

CHAPTER-I

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The 10th Report of the Standing Committee on External Affairs on Demands for Grants of Ministry of External Affairs for the year 2011-2012 was presented to Lok Sabha and laid in Rajya Sabha on 29.08.2011. The Report contained 24 recommendations/ observations.

1.2 In compliance of Direction 73-A of the Directions by the Speaker, the Minister of State for External Affairs made a statement in Lok Sabha on 16th March, 2011 giving the status of implementation of the recommendations made by the Committee in their 4th Report (15th L.S.). An analysis of the statement showed that out of 26 recommendations, the Government had accepted 26 recommendations. Out of these, 04 recommendations were implemented by the Government, 14 recommendations were under process of implementation and 08 recommendations were yet to be implemented.

1.3 On the basis of Action Taken replies received from the Ministry of External Affairs on the 8th Report, the Committee presented their 11th Report (Action Taken) to the Parliament on 29th March, 2012. The Committee, in their Action Taken Report have commented on the Action Taken replies furnished by the Ministry in respect of Recommendation Nos. 2,4,5,11,14,15,17,19,23 and 24 contained in the 8th Report. Final Action Taken Statement as furnished by the Ministry of External Affairs on the comments contained in the 11th Report was laid in both the Houses of the Parliament on 25.04.2012.

1.4 As, regards the status of implementation of the Committee's recommendations, the Foreign Secretary informed the Committee, during the course of evidence on the Demands for Grants (2012-13) as under:

> *"…We have noted the recommendations made by the esteemed Committee in its 10th Report on the Demands for Grants of this Ministry in the year 2011-12. I would like to assure the Committee that the Ministry is fully committed towards implementing these recommendations."*

CHAPTER-II

OVERALL BUDGETARY PROPOSALS

BACKGROUND

India's foreign policy is integrated with the national priorities of sustained, rapid and inclusive socio-economic development and its extensive engagement with the global world is guided by India's desire for garnering an appropriate role for itself in the changing international environment. India's foreign policy has demonstrated dynamism in responding to the shifting international strategic and political environment, and addressing the global challenges.

2.2 Ministry of External Affairs is mandated to frame and conduct the foreign policy of India with the aim to secure the country's fundamental security and strategic objectives under the dynamic circumstances and challenges of global politics and international relations. The multifarious spheres of bilateral and multilateral relations include political, economic, trade, culture and consular matters. India's international responsibilities have increased with the entry of India into the UN Security Council as a Non-Permanent Member for two years from 1st January 2011. In conduct of the country's foreign policy, the MEA Headquarters is assisted by its various Missions/Posts abroad, Branch Secretariats and Passport Offices in India and the Autonomous Bodies funded by it.

A. Overall Proposals and Budget Allocation

2.3 The Budget of the Ministry has both the Plan and Non-Plan components though the share of the Plan funds is comparatively small. A noteworthy feature of the total budget has been its growth over the years, which is a reflection of the growing importance of India in global affairs and the increasing functions of the Ministry. Both the Plan and Non-Plan components have seen an upward trend.

2.4 The BE 2012-13 has been pegged at ₹ 9661.97 crores which is an enhancement of 35.96% over BE 2011-12 and 23.30% over RE 2011-12. Out of the BE 2012-13 of ₹ 9661.97 crores, ₹ 8161.97 crores is under 'Non-Plan' and ₹ 1500 crores under 'Plan'.

2.5 The Budget of the Ministry for financial year 2012-13 comprises of the following broad groups:

(i) *Approximately, 24.20% pertains to establishment costs, i.e. expenditure on MEA Secretariat and Missions/Posts abroad, as well as the expenditure on the overall establishment of the Central Passport Organization.*

(ii) *Nearly 17.56% pertains to obligatory expenditure; such as, expenditure on SDE, mandatory contributions to international organizations of which India is a member, Grants-in-aid to Institutions;*

(iii) *Nearly 39.38% pertains to technical and economic cooperation with other countries;*

(iv) *Approximately 3.62% on the capital outlay of the Ministry;*

(v) *Loans to Foreign Government comprise 13.42%; and*

(vi) *Others approximately 1.82%.*

2.6 During the course of evidence, the Foreign Secretary dwelt upon the Budget Estimates and the expenditure trend and stated:

".....we had sought a Budget allocation of ₹ 10,943.20 crores for the non-plan Budget and ₹ 3,483 crores for the plan Budget Estimates for 2012-13. Against this, the Budget recommended for this Ministry for consideration before the Parliament for the current financial year, that is 2012-13, is ₹ 8,161 crores for the non-plan Budget and ₹ 1500 crores for the plan budget, that is a total of ₹ 9,661.97 crores. Over the revised estimates of ₹ 7,836 crores for 2011-12 this represents an increase of ₹ 1,825 crores in absolute terms and 23.3 per cent in percentage terms."

2.7 The Foreign Secretary further stated:

".....the pace of utilisation of funds approximated to the ideal norms. It was 74.09 per cent at the end of December 2011, about 25.90 percent in the last quarter of the financial year and about 10.2 percent in March, the last month of the financial year. This balanced pace of the expenditure has ensured that there was no rush of disbursement of funds towards the end of the financial year and there was absolutely no parking of funds just for the sake of utilising the Budget."

2.8 Regarding the revenue generated by the Ministry, the Foreign Secretary stated:

"During 2011-12, as of February 2012, the revenue generated by the Ministry from its passport, visa and other services was ₹2549.38 crores representing an increase of 11% over the revenues generated during the corresponding period of the Financial Year 2010-11."

2.9 The Total Budgetary Allocation for the Ministry of External Affairs since the year 2008-09 along with RE for the respective years including Actual & shortfall/excess in utilization of RE is as follows: **(₹ in crores)**

Year	BE	RE	Actual Expenditure	Increase at RE Stage	Shortfall/Excess in Utilization of RE
2008-09	5062.00	6868.42	6746.35	1806.42	-122.07
2009-10	6293.00	6333.00	6208.51	40.00	-124.49
2010-11	6375.00	7120.00	7153.27	745.00	+33.27
2011-12	7106.00	7836.00	-	730.00	-
2012-13	9661.97	-	-	-	-

The above table indicates that the initial Budgetary Allocations during the last 4 years were raised at RE stage, but there was a trend of shortfall in utilization of funds during the first two years. The revised allocation made during 2010-11 was ₹ 7120 crores, which is ₹ 745.00 crores more than the allocation made at BE stage. However, over and above, the actual utilization was excess, to the tune of ₹ 33.27 crores. While furnishing the reasons for need of excess budgetary resources during the year 2010-11, the Ministry submitted as under:

"The broad requirements during 2010-11 were (i) ₹ 73.72 crores for write-off of exchange loss of previous years (ii) ₹ 300 crores for 'Aid to Bhutan' (Non Plan) (iii) ₹ 115 crores for providing floor relief assistance to Pakistan (iv) ₹ 100 crores for Special Diplomatic Expenditure (v) ₹ 25 crores for Capital Outlay on Public Works (vi) ₹. 93.6 crores for Loans to Bhutan and (vii) Remaining amount for various programmes such as Indian Technical and Economic Cooperation, Special Commonwealth Assistance for Africa Programme, Technical Cooperative Services of Colombo Plan etc."

2.10 The Committee noted that there was a considerable enhancement of ₹ 730 crores of Budgetary Allocation for the year 2011-12 at RE stage. While elaborating

upon the reasons that necessitated considerable enhancement, the Ministry in written submission stated as under:

"The requirement of ₹ 730 crores was as below:

₹ 109.55 crores for payment of pending bills relating to Evacuation operations from Libya.

₹ 31.95 crores for payment to Air India for pending bills related to High Level Visits abroad

₹ 57.04 crores for payment to Air India for payment of maintenance cost of Aircraft.

₹ 350 crores for Loans to Bhutan to facilitate payment for ongoing hydropower projects.

₹ 181.46 crores for extending Standby Credit Facility to Govt. of Maldives which supplemented the amount available within MEA's savings for a total commitment of USD 50 million in 2011-12."

2.11 On a further query raised by the Committee regarding reasons for enhancement at RE stage under 'Plan' allocation, the Ministry in written reply submitted as under:

"Under Plan, the enhancement was sought at RE stage because the allocated funds under BE 2011-12 for various ongoing hydroelectric power projects had almost exhausted by October 2011. Frentic efforts were made to allocate additional funds, which could be made available only in the Second Supplementary Demands for Grants. Additional funds to the tune of ₹ 350 crores were made available under Plan for this purpose."

2.12 The Committee further noted that during 2011-12, there was a near exhaustion of funds in October 2011 and funds had to be urgently sought through supplementary Demands for Grants. In this context, while elaborating upon the urgent need to take up the issue with Planning Commission, augmentation of additional funds and its impact on ongoing projects, the Ministry in written reply stated as under:

"The issue of insufficient allocation in FY 2011-12 had been taken up by the Ministry with the Planning Commission from the very beginning of the financial

year. The issue was also emphasised during the meetings held in the Planning Commission when the Ministry presented its requirement for the Annual Plan 2012-13 and the 12th Five Year Plan.

Additional funds of ₹ 340 crores (net) were allocated under 'Aid to Bhutan-Plan Loan' in the Supplementary Grants for FY 2011-12. These funds were not found adequate, as the request made was for ₹ 718 crores under 'Aid to Bhutan- Plan Grant and Plan Loan'.

The Project Implementation Authorities (PIA) of the three ongoing India-assisted HEPs in Bhutan reported in October 2011 that they are facing shortage of funds, which could adversely affect the smooth implementation of the projects. Ministry assured the PIAs that the situation was temporary and that additional funds were expected to be allocated for disbursal in the last quarter of FY 2011-12. While the additional allocation of ₹ 340 crores were not sufficient to meet the requirements fully, they were helpful in assisting the PIAs to tide over the shortage temporarily. A payment of about ₹ 200 crores in the Punatsangchu I project had to be deferred to the next FY. It is, however, imperative that adequate and timely disbursal of funds is done in FY 2012-13 to make up for the shortfall in FY 2011-12, to ensure that there is on cost and time overrun in these projects."

2.13 In the above context, the Committee desired to whether the Ministry has ever faced paucity of funds in projects, except for year 2011-12. The Ministry in written reply submitted as under:

"……..This aspect was brought to the notice of the Planning Commission during the discussion for Annual Plan 2012-13. The Planning Commission did not specifically react to this point though it indicated that there is a shortage of resources.

……The unfortunate situation arose in 2011-12 because the construction of hydroelectric projects in Bhutan was in full swing, and hence the requirements were urgent."

2.14 The following table shows the Budgetary Allocation of the Ministry of External Affairs for the year 2011-12, BE 2012-13 under the 'Plan' and 'Non-Plan' heads and further apportioned under the Revenue and Capital sections:

							(₹ in crores)
Sl. No.	**SECTION**	**BE 2011 - 2012**		**RE 2011 - 2012**		**BE 2012 - 2013**	
		Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**
1	Revenue	359.00	5956.00	334.00	6111.00	753.40	7261.97
2	Capital	441.00	350.00	791.00	600.00	746.60	900.00
	Total	***800.00***	***6306.00***	***1125.00***	***6711.00***	***1500.00***	***8161.97***
	Grand Total		***7106.00***		***7836.00***		***9661.97***

While submitting the reasons for enhanced allocation during BE 2012-13, the Ministry in written reply submitted as under:

"Under Plan, the enhancement sought is mainly for the various hydroelectric power projects underway (viz., Punatsangchhu I, Punatsangchhu II and Mangdechhu) in Bhutan (₹1138 crores), Kaladan Multimodal Transit Transport project in Myanmar (₹ 220 crores), Doshi-Charikar electric substations in Afghanistan (₹ 127 crores) and construction of Nalanda University (₹ 15 crores).

Under Non Plan, the enhancement sought is mainly for the establishment expenditure of the Missions and Posts abroad, Central Passport Organisation for clearance of pending India Security Press bills, Aid to Bangladesh (₹ 30 crores) for various new projects announced by the Hon'ble PM, Aid to Nepal (₹270 crores) for various projects including Rail links etc., Aid/Loan to Bhutan (₹ 1500 crores) for the various ongoing projects and Standby Credit Facility, Loan to Maldives (₹ 250 crores) for Standby Credit Facility, Aid to Afghanistan (₹ 580 crores) for ongoing projects such as construction of Parliament Building, Construction of Salma Dam, Indian Medical Missions etc., and Supply of Wheat, Aid to African countries (₹ 250 crores) for various initiatives announced by the Hon'ble PM under the India-Africa Forum Summit in May 2011 etc."

B. Plan Outlay

2.15 The proposed Plan Budget of the Ministry constitutes around 15.5% of the total proposed Budget of ₹ 9662 crores for the financial year 2012-13. During the Annual Plan 2012-13, the Budget Outlay approved by Planning Commission was ₹ 1500 crores as against the demand of ₹ 3483.61 crores which is only 43% of the demand proposed by the Ministry.

2.16 While giving the overview of the Demands for Grants under the Plan Budget, the Foreign Secretary stated during the course of evidence as under:

> "*The Plan Budget of the Ministry of External Affairs caters to identified projects in four countries, namely, Bhutan, Myanmar, Afghanistan and in India itself where the project of the establishment of Nalanda University has been taken up. In Bhutan, three hydroelectric projects, namely, Punatsnagchu I, Punatsnagchu II and Mangedchu are under implementation. In Myanmar, the Kaladan – multi-model transport corridor project has been taken up to utilize navigation on the river Kaladan and beyond the river through further road links to provide an alternative cargo route to the North-Eastern of India.*
>
> *In Afghanistan, two electric sub-stations are being set up at Doshi and Charikar as part of the Pul-e-Khumri transmission line which is already been completed by India. It is bringing electricity to Kabul from Uzbekistan."*

2.17 Under the Revenue Section, in the Plan Head ₹ 359 crores was allocated in BE 2011-12 and it was reduced to ₹ 334 crores. However, allocation has been more than doubled under the Sub-head to ₹ 753.40 crores during BE 2012-13. In this context, the Ministry was asked to elaborate upon the reasons for reduced allocation at RE stage during 2011-12 and substantially enhanced allocation at BE stage during 2012-13. The Ministry in written reply submitted as under:

> *"₹ 25 crores were reduced in Plan side under Revenue Section because (a) ₹ 10 crores earmarked for the Dungsum Cement project in Bhutan was identified as a saving, since no demand therefor was made by Bhutan and*
>
> *₹15 crores out of ₹ 60 crores earmarked for the Kaladan Project in Myanmar*

was identified as a saving, since the project authority had indicated that bills raised during the FY 2011-12 would not exceed ₹ 45 crores. Substantial enhancement in BE 2012-13 is on account of actual requirements of the various projects under implementation."

2.18 In the Capital Section, under the Head 'Plan' ₹ 441 crores was allocated in BE 2011-12, which was increased to the tune of ₹ 791 crores at RE 2011-12 and reduced to ₹ 746 crores in BE 2012-13. The Committee desired to know the reasons for increased allocation during RE 2011-12 as compared with BE 2011-12 and BE 2012-13. The Ministry in written reply submitted as under:

"The allocation under BE 2011-12 under Plan was ₹ 800 crores, as against a demand of ₹1979.27 crores. Out of the 800 crores, ₹ 690 crores was allocated in favour of Bhutan hydroelectric projects, ₹ 441 crores being the Loans portion (i.e., Capital Section) and ₹ 249 crores being the Grants portion (Revenue Section). In 2011-12, the three hydroelectric power projects underway in Bhutan viz., Punatsangchhu I, Punatsangchhu II and Mangdechhu were in dire need of funds, which were almost exhausted around October 2011. Frantic efforts were made to augment the budget for these projects, and it was during the Second batch of Supplementary Demands for Grants that an amount of ₹ 350 crores was allocated under the Loans portion (Capital Section), raising the RE 2011-12 figure to ₹ 791 crores (₹ 441 crores + ₹ 350 crores). As regards BE 2012-13, our demand under Plan for 2012-13 was ₹ 3483.61 crores, against which the allocation was only ₹ 1500 crores. Therefore, the Ministry had to allocate the funds proportionally to these projects keeping in view the grant/loan portions for the projects. Out of allocation of ₹ 1500 crores under Plan in BE 2012-13, ₹ 1138 crores has been allocated to Bhutan hydroelectric projects, out of which ₹ 746.60 crores was kept for Loan portion (Capital Section)."

2.19 The Committee observed that over the years there has been a trend of substantial reduction in granting of funds to the Ministry by the Planning Commission, the Committee observed that also for the year 2012-13 the total proposed outlay under Plan Head was at ₹ 3483.61 crores, however, only ₹ 1500 crores has reportedly been

approved. When the Committee enquired about the reasons furnished by the Planning Commission for substantial reduction in proposed outlay. The Ministry in written reply submitted as under:

> *"Planning Commission has not formally stated any reason for substantial reduction while conveying allocation of ₹ 1500 crores to MEA under Plan Head for FY 2012-13 against the projected requirement of ₹ 3483.61 crores. However, during the discussions with Planning Commission on MEA's demand, some points had emerged which are tabulated below project-wise.*

Name of the Project	MEA's requirement (₹ in crores)	Observations of Planning Commission	Allocation made by MEA out of ₹ 1500 crores
Phunatsangchu 1 HEP	1000	MEA needs to restrict the demand to the minimum as the overall amount likely to be available for disbursement to MEA will not be sufficient to meet all the requirements.	500
Mangdechu HEP	339.66	Same as above. Planning Commission also pointed out that Cabinet approval would be required at some stage as the overall requirement for the 12th Plan Period exceeds Cabinet approved cost.	478
Phunatsangchu II HEP	969.67	Same as above.	160
Dumsum Cement Plant	0	--------	_____
Transmission line from Pul-e-Khumri to Kabul (Doshi and Charikar)	127	Planning Commission wanted to know whether the entire balance funds of ₹ 127 crores will be utilised in FY 2012-13. MEA confirmed that that was the case.	127

Kaladan Multimodal Transit Project	448.33	Planning Commission pointed out that funds could be released only to the extent of Cabinet approved cost which is ₹ 535.91 crores. MEA stated that at least ₹ 220 crores will be required for the port component of the project while for the road component with enhanced scope of work, a note will separately be moved for seeking Cabinet's approval.	220
Nalanda University	598.95	Planning Commission asked that what was the basis for projection of an amount which was much more than FY 2011-12 approved budget. MEA clarified that the requirement was based on a project report prepared by EdCIL for the University.	15

2.20 While replying to Committee's query about the impact of insufficient allocation of proposed outlay and also whether the Ministry will be able to fulfill its commitments with lesser allocation, the Ministry submitted in a written reply as under:

> *"The pace of implementation of all the three hydroelectric projects in Bhutan may get affected due to inadequate allocation of funds. In the Punatsangchhu I project, a payment of ₹ 200 crores was deferred from 2011-12 to 2012-13 for lack of funds. As may be seen, with the allocations now provided, in all likelihood the funds will be exhausted by the second quarter itself and the process of seeking Supplementary Demand for Grants may add to the delay. The other project which may be affected will be Nalanda University who has planned to embark on a global design competition for its campus.*
>
> *Insufficient budgetary allocation will impact the pace of implementation and it is possible that the target dates of completion of the projects so affected are*

missed. However, there is possibility of getting some additional allocation during the course of the current Financial Year. The Ministry will try to ensure that effects of delay are minimal to the extent possible."

2.21 In response to the specific query about the initiatives to be taken by the Ministry for augmentation of funds, the Ministry submitted the following written reply:

"The Ministry will approach the Ministry of Finance for augmentation of funds at the stage of the First Supplementary Demand for Grants which is the first available opportunity in the CFY so that augmentation may be submitted for the consideration and approval of the Parliament in the Monsoon Session. Further augmentation can be sought at the RE stage. The Ministry will be carefully monitoring the expenditure pattern so that the case for augmentation could be justified before the Ministry of Finance and the Parliament. The issue of insufficient allocation for BE 2012-13 has already been taken up formally be the Ministry with the Planning Commission and the Ministry of Finance."

2.22 When the Committee desired to know the mechanism to monitor the expenditure being followed by Ministry and the improvements that were made in the process of monitoring so as to ensure complete and optimum utilization of allocated funds, the Ministry submitted following fact in a written reply:

"*The expenditure incurred by the Ministry is reviewed at the level of Financial Advisor in quarterly meetings, and more frequently in the months of February and March. The Divisions concerned are also urged to utilize the funds fully or surrender funds at the RE stage. The pace of expenditure is monitored based on monthly figures compiled by the Principal Chief Controller of Accounts. It is ensured that the norms of incurring not more than 33% of BE during the last quarter, and not more than 15% in the month of March are adhered to."*

2.23 The Committee noted that out of total allocation for Annual Plan Outlay of ₹ 1500 crores, ₹ 1138 crores has been allocated by the Ministry to Bhutan Hydro-electric Projects. The Committee had a view that perhaps for getting the funds for projects in Bhutan, the Ministry had made projections towards higher side, placed demands for getting allocation without desired Cabinet approval and could not justify the basis for projections before the Planning Commission. The Ministry submitted their reaction in a post-evidence written reply as under:

"During 2010-11 and 2011-12, the Ministry has been able to fully utilize the resources for Aid to Bhutan under Plan. The projections made before the Planning Commission were based on the inputs received from the Project Implementing Authority and after taking into account the progress of work as well as the implementation schedule drawn for the year. Therefore, it is submitted that the projections were not disproportionate or unrealistic."

2.24 The Committee further expressed that the three hydroelectric projects under implementation in Bhutan were associated with the honour of the country and also wanted to know, as to how, the Ministry could expect to maintain the pace of implementation and avoid the cost and time overrun in those projects. In a written reply, the MEA submitted as under:

"*The Ministry of Finance and Planning Commission have been sensitized at the level of Minister of External Affairs and Foreign Secretary about inadequate allocation of Plan funds during the CFY to MEA. The huge shortage of funds in respect of the Hydro-electric projects in Bhutan has been specifically brought to their notice. It is expected that the requisite augmentation of funds at the RE stage will be done by the Ministry of Finance, as they have done in the past, so that the project-execution does not suffer."*

2.25 The Committee express concern at the serious under-resourcing of the Ministry of External Affairs, whose staff and budget are not commensurate with the scale and range of India's external challenges and obligations in an increasingly globalized 21st century world. The Committee are not satisfied with the slow pace of implementation of the authorized expansion of the personnel of the Ministry and call upon the Ministry to recruit external applicants with relevant expertise for lateral entry into the Ministry upto and including the Joint Secretary level. In addition, the Committee are concerned that the requested level of resources required for the Ministry's operations, especially in its Embassies and Missions abroad, have not been provided and calls upon the Ministry of Finance to enhance the Ministry's allocations so as to equip it to fulfil its global responsibilities.

(Recommendation No. 1)

2.26 The Committee observe that even after an unusual experience of shortage of funds in the middle of the year 2011-12 for a very important project being implemented in Bhutan, the Planning Commission and the Ministry of Finance have provided insufficient Budgetary Allocation of ₹ 9661.97 crores only against the projection of ₹ 14426.81 crores. The insufficient allocation is certainly going to create the same situation before the Ministry when due to paucity of funds, the projects being implemented in Bhutan and other countries were adversely affected causing cost and time overrun. The Committee take a serious note of insufficient Budgetary Allocation almost every year especially, in the light of India's increased international engagement and Indian endeavour to emerge as one of the major non-traditional donors in terms of providing aid and loans to developing countries and also through various measures of technical cooperation. The Committee, therefore strongly recommend that the Budgetary Allocation of the Ministry should be substantially enhanced, so that, its developmental engagements can intensify with not only the neighbouring countries, but the horizon of developmental aid is extended to the other countries of Latin America and Africa.

The Committee also desire that the Ministry should sensitize the Ministry of Finance and the Planning Commission about the insufficient Budgetary Allocation and if required, it should be taken at the highest level i.e the Hon. Prime Minister, who is also the Chairman of the Planning Commission.

(Recommendation No. 2)

2.27 The Committee in their 4th Report (15th L.S.) had made note of the issue of variations in the figures contained in various documents prepared by the Ministry and had also reiterated that Ministry should exercise due caution in future while presenting information to the Committee and the Parliament. However, the Committee are dismayed to note that there were a large number of discrepancies in the Budget documents and even the figure variations within the same documents. The Committee also note that few figures were not furnished in the Outcome Budget, though, later the Ministry has submitted corrected figures to the Committee. The Committee, therefore, would like to caution the Ministry that due care should be exercised henceforth so that the documents/information presented to the Committee are complete and flawless.

(Recommendation No. 3)

C. Sectoral Allocation

2.28 The sectoral allocation of funds in the Ministry's Budget as per the RE for 2011-12 and BE for 2012-13 as observed from Outcome Budget and Detailed Demands for Grants (2012-2013) are as follows:

Allocation (in ₹ crores)

Sectors	**RE 2011-12**	**BE 2012-13 (Proposed**
MEA Secretariat	239.00	227.57
Embassies & Missions	1464.32	1526.23
Passport & Emigration	399.72	583.73
Special Diplomatic Expenditure	1200.01	1270.01
Contributions to International Organizations	225.65	228.53
Grant to Institutions	175. 20	198.81
Technical & Economic Cooperation	2391.87	3804.61
Capital Outlay	350.00	350.00
Loans to Foreign Governments	1041.00	1296.66
Others	319.23	175.88
Total Budget	**7836.00**	**9661.97**

(i) Embassies & Missions

2.29 The allocation under the Head caters to the expenditure on India's representation and functioning of Missions/Posts abroad. The allocation under the Head increased over the years. As compared to the BE 2011-12 of ₹ 1364.98 crores and RE 2011-12 of ₹ 1464.32 crores, the BE 2012-13 is ₹ 1526.23 crores.

2.30 Elaborating upon the mechanism available for ensuring efficient functioning of Consulates and optimum utilization of resources, the Ministry in written reply stated:

"There are several mechanisms available to the Ministry for ensuring efficient functioning of the Indian Missions/Posts abroad as well as optimal utilization of resources.

Every Mission and Post abroad is required to prepare and submit to the Ministry an Annual Action Plan, which clearly identifies their goals, the methodology/approach for achieving the same and the kind of resources they may need in doing so. This is followed by an Action Taken Report to assess compliance, progress and shortcomings.

In addition to the system of issue-specific Special Dispatches, the Ministry also has a well established practice of annual, quarterly, monthly and weekly reports on important matters through which the Ministry and the Missions/Posts abroad remain in regular interaction for monitoring the conduct of India's relationship with the other countries. These periodic reports literally cover each and every important aspect of the working.

The Missions/Posts abroad are also subject to comprehensive inspection from time to time by the Director General of Inspections. The system of financial and performance audit also play an important role in this regard."

2.31 During the course of evidence, the Foreign Secretary informed the Committee:

"The Ministry had introduced the Integrated Mission Accounting System (I-MAS) in Missions/Posts abroad in a phased manner, in order to undertake efficient expenditure control and monitoring of their budget."

2.32 Replying to a query on Hindi Interpreters in Embassies and Posts, the Ministry in a post-evidence reply stated:

> *"MEA has a specialized Interpreters' Cadre of Officers who are recruited through the UPSC. These interpreters serve both at Headquarters and in Missions/Posts abroad. Almost all of these interpreters of the Ministry have working knowledge of Hindi, and they can be used for interpretation, if required, between Hindi and the respective foreign language in which they are proficient.*
>
> *A fair degree of language specialization has been developed within the MEA for all Indian Foreign Service Officers. All IFS Officers are required to qualify a prescribed examination in one of the major foreign languages. IFS Officers have the advantage of knowledge of foreign language as well as Hindi."*

2.33 The Committee in their previous Reports have taken note of the situation arising out of non-availability of interpretation facility from Hindi to foreign languages and *vice versa*. The Committee also observe that the officers in Missions/Posts having working knowledge of Hindi are either not available or are not competent enough to handle the job of interpreter during the meetings/deliberations of the visiting VIPs/dignitaries. The Committee would, therefore, like to reiterate that the necessary steps should be taken to develop a cadre of interpreters for interpretation from Hindi language to foreign languages and vice-versa and such facilities should be provided by local Mission/Embassy to the visiting parliamentary or other high level delegations from India.

(Recommendation No. 4)

(ii) Passport and Emigration:

2.34 While furnishing the reasons for increase in Passport and Emigration from ₹ 399.72 crores in RE 2011-12 to ₹ 583.73 crores in BE 2012-13, the Ministry in written reply stated:

> *"The increase is mainly due to proposal to pay for pending and current bills of India Security Press, Nasik. Increased provision is also made for office expenses due to opening of Passport Seva Kendras."*

2.35 Regarding the status of Passport Seva Project, the Foreign Secretary informed during the course of evidence as under:

> *"This was one of the principal projects undertaken by the Ministry to bring about qualitative and quantitative improvement in Passport services to the citizens of India. Out of the 77 Passport Seva Kendras (PSK) to be set up by March-April 2012, 70 PSKs have actually been completed and seven more are poised to be operational shortly. We expected within a month or month and half. The Passport Seva Project (PSP) has led to increased access of passport outlets to the public, given better infrastructure."*

2.36 When the Committee desired to be acquainted with the financial implications of the Passport Seva Project, the Ministry in a post-evidence written reply submitted as under:

> ***"****The expenditure on PSP entails payment to various agencies such as Mahanagar Telephone Nigam Limited (MTNL), Standardisation, Testing and Quality Certification(STQC), National Institute for Smart Governance(NISG) and Centre for Development of Advanced Computing(CDAC) towards rental for the Data centre, Data Recovery Centre, testing and certification of the project, consultancy, audit of PSKs, provision of technical experts and hiring of technical and administrative consultants for Project Management Unit. Besides this, the Ministry has made payments to Tata Consultancy Services (TCS), the Service Provider towards cost of system software. The Ministry also has to*

provide for rental, civil and electrical works, furnishing, IT software/hardware, security and maintenance of 17 mini-PSKs as these are beyond the scope of the Master Service Agreement (MSA) with TCS but nevertheless need to be integrated with PSP for smooth operation and continuity. The Pilot Project was launched in Bangalore in May, 2010 and in Chandigarh in August, 2010. After requisite testing, the Project was cleared and certified by STQC for launch across the country in January, 2011. Details of total expenditure of ₹ 53,09,98,480/- incurred from 1-4-2006 till 10-4-2012 including payments to the above agencies and TCS ..

As per the terms of the MSA, the Ministry is also obliged to pay to TCS Service Charges quarterly for providing contracted services under PSP based on volume after complete roll-out of PSP and subject to fulfillment of Service Level Agreements (SLAs). However, the SLAs have not been finalized so far."

2.37 In a post-evidence written reply, the Ministry furnished the following details of payments made to TCS so far:

Sl. No.	**Date**	**Particulars**	**Amount (Rs)**
1	31.03.2011	80% charges for System Software for Passport Seva Project	19,46,43,531
2	01.04.2011	80% value of Application Software for Passport Seva Project (inclusive of tax)	14,32,86,671
3	04.12.2011	80% charges for services, IT Infrastructure and Non IT Infrastructure at Data Centre for Passport Seva Project (inclusive of tax)	10,25,70,771
TOTAL (Rs)			**44,05,00,973**

2.38 While analyzing the details of the payments and other details also, the Ministry also submitted the following figures regarding the payments made to various organizations/departments engaged in passport related work on per passport basis. The Committee noted that, payment made to TCS under Passport Seva Project is ₹

150-199 per application submitted while payment made to police authorities for Police Verification Report is ₹ 100 per application (within 20 days) and ₹ 25 per application after 20 days while Payment to police authorities for District Passport Centres is ₹ 200 per application. While furnishing the justification, the Ministry in post-evidence written reply stated:

"It is submitted that TCS has been entrusted with the following:

a. *All hardware, software, networking & Personal Computers of the entire Passport system (including those in the Passport Offices) as specified in the Request for Proposal (RFP) and the Master Service Agreement (MSA).*

b. *Physical Infrastructure (renting, civil and mechanical works) for all the 77 PSKs including furnishing of interiors, as specified in the RFP.*

c. *Data Centre (DC), Disaster Recovery Centre (DRC) and Centralised Passport Printing Facility (CPPF) setup.*

d. *Maintenance and operations of all the above.*

e. *Staff for all the Service Provider (SP) counters at PSKs.*

f. *Technical staff for supporting PSK, PO, DC, DRC & CPPF*

g. *Training of CPO officials and SP staff on the application software, training on general computer skills, soft skills, and customer service & delivery.*

h. *Change management and communication strategy & implementation.*

i. *Obtaining ISO (9001, 27001, 20000) certifications for the Passport System.*

j. *Compliance with the Service Level Agreements (SLAs).*

k. *Call Center & grievance handling.*

However, police authorities are entrusted only with verification of personal particulars and antecedents of the applicant to confirm residence, Indian nationality and whether there is anything adverse to adjudge eligibility of the applicant for grant of passport. Variable rate of payment has been fixed to encourage speedy verification of passport applicants."

2.39 The Committee observe that the aim of Passport Seva Project while replacing the existing system of Passport Offices, District Passport Cells and Speed Post Centres with the network of Passport Seva Kendras (PSKs) was envisaged to make timely and efficient delivery of passport services. However, the Committee note that there is no improvement in the situation faced during implementation of the Pilot Project and still the citizens are facing tough time in seeking basic information, getting appointments and tracking their applications in the newly established Passport Seva Project in different parts of the country. All the systems for providing guidance or support to the passport seekers have been suddenly withdrawn leaving them in limbo. In this transitional phase, such chaos defeats the basic purpose of embarking upon this ambitious project. The Committee, therefore, desire that the Ministry should adopt urgent measures to resolve the problems arising at the newly established Passport Seva Kendras (PSKs). The shifting should be done in phased manner and old arrangements to assist/facilitate citizens should be retained for some more time with necessary riders. The Committee have gone through the particulars of the payments made to various organizations and particularly payment made to TCS since the inception of the project. At the same time, the Committee would like to remind the Ministry that during their study visits of PSKs at Mumbai and Ahmedabad, the Ministry was asked to furnish details, modalities and MoUs signed with TCS which has not been done so far. The Committee, therefore, once again ask the Ministry to furnish relevant documents to the Committee at the earliest.

(Recommendation No. 5)

2.40 E-Passport was one of the major ambitious project of the Ministry. On the issue of the progress made so far, the Ministry stated in a written reply:

"…There has been delay in implementation due to pendency of fresh security clearance in respect of a technically qualified bidder from the Ministry of Home Affairs. Consultations are still going on with Ministry of Home Affairs and other security agencies to devise a passport which would be tamper proof and which could not be forged."

2.41 The Ministry in post-evidence written reply stated that:

"Matter has been taken up with the Ministry of Home Affairs at Ministerial level for expediting security clearance in respect of a technically qualified bidder. In his response, Hon'ble Minister of Home Affairs has conveyed that the concerned bidder has been asked to file a self-disclosure report on points on which there was a need for more information and clarity. Department of Economic Affairs has been reminded to obtain the self disclosure report from the concerned bidder but the same is still awaited. …Special Secretary (Internal Security) chaired a meeting in his office on 2nd April, 2012 in order to discuss the matter."

2.42 The Committee have been making regular observations in their previous Reports regarding the delay in implementation of e-passport project for the general category, which has been a step to check the misuse of passports in the current format and also to make it less cumbersome for the citizens of the country to obtain it in electronic format. The Committee express their concern over the doubtful background of the French Company M/s GEMALTO selected to supply the chips for e-passports. The agents of the Company as vendor are associated with supply of smart cards to Pakistan and on the basis of IB reports matter is pending with the Ministry of Home Affairs. The Committee, however, note that the matter has been taken up with the Ministry of Home Affairs and MEA has been pursuing the matter with other concerned Ministries and Departments. The Committee are hopeful that such inter-Ministerial consultation will help in arriving at a concrete decision with due care from all angles. The Committee urge the Ministry to continue the efforts to arrive at a final decision especially

security aspects. The Committee further desire the Ministry to monitor the project and furnish quarterly progress of the same to the Committee.

(Recommendation No. 6)

(iii) Capital Outlay on Public Works and Housing

2.43 These two heads cater to the expenditure on acquisition and construction of chanceries and residential properties abroad and offices/institutes in India, in a planned and phased manner to reduce the annually increasing rental liabilities. Keeping in view the past trend of expenditure, a provision of ₹ 350 crores has been made during BE 2012-13. The Ministry furnished the list of properties acquired during 2011-12 and the proposal under consideration during 2012-13. During the course of evidence, the Foreign Secretary informed about the nearing completion of the Jawaharlal Nehru Bhawan.

2.44 While furnishing the cost factor involved in construction of Jawaharlal Nehru Bhawan, the Ministry stated as under in a written reply:

> "*The total cost of construction of Jawaharlal Nehru Bhawan, civil, electromechanical and horticulture works being executed by Central Public Works Department (CPWD), has been projected at ` 188.90 crores.*
>
> *The initial cost of construction of Jawaharlal Nehru Bhawan (JNB) project, estimated by CPWD and approved by Cabinet was ` 143.95 crores for civil, electrical and horticultural works. In addition, ` 28.70 crores was approved for interior works for implementation by the Ministry. The interior works would be completed within the initial sanctioned cost of ` 28.70 crores."*

2.45 Explaining the reasons for delay, the Ministry submitted following facts in a written reply:

> *"Due to unforeseen difficulties encountered in integration of various services in the building, the project was completed in October 2011, with a time overrun of five months. The Delhi Fire Department declared the building fit for occupancy class of business w.e.f. 28.9.2011. The Delhi Urban Arts Commission provided the No Objection Certificate for the Jawaharlal Nehru Bhawan in December 2011. The completion certificate from New Delhi Municipal Corporation is awaited…."*

2.46 While evaluating the project, the Ministry in post-evidence reply stated as under:

"Taking into account the lessons learned, the Ministry has been doing extensive and thorough analysis of architectural and structural services drawings for various projects to ensure that they are as detailed and substantial as possible and hence do not require to be modified at the project execution stage. This approach has been followed specially in the Brasilia Chancery-cum-Residence Construction project and to Ministry's satisfaction, the Brasilia project, which has now been going on for 4 months, is little ahead of schedule. The Ministry will continue to endeavor that this become the norms and that in future all projects go through a rigorous planning stage so that the execution is timely and cost effective."

2.47 Elaborating upon the measures followed to ensure optimum use of resources and due quality of asset while purchasing property, the Ministry in written reply has stated:

"The Ministry has refined the guidelines for purchase/acquisitions of properties abroad. An exercise was undertaken to revise the space norms for construction/acquisition of properties abroad for residences with a view to make the properties suitable for meeting the functional/representational requirements. The revised area norms for residences were approved in February, 2011 and have been incorporated in the guidelines for purchase/construction. The security and structural aspects for both purchase and construction of properties are being thoroughly examined in each case with the engagement of professional agencies.

The Ministry has also examined various options to improve property management and set up a technical cell to be manned with personnel having requisite experience in project management. This step would further strengthen the technical monitoring and on-time implementation of construction and renovation projects being undertaken in various parts of the world…."

2.48 While giving details of the mandate of the technical cell of the Projects Division, the Ministry in post-evidence written reply stated:

"Technical Cell of the Projects Division is mandated to provide technical, engineering and architectural inputs for various construction and renovation projects and for acquisition of built-up property, being pursued by the Ministry of External Affairs. At present, the Technical Cell comprises of two technical experts, i.e., Superintending Engineer (Civil) and Senior Architect both of whom

are from CPWD. Process for expanding the Technical Cell with addition of two Executive Engineers level officers, with experience in project management, has already been initiated…"

2.49 The Committee observe that in view of the Ministry's presence and permanent diplomatic engagement with almost all the countries of the world, it would be important for the Ministry to observe economy and reduce rental liabilities of the Ministry and acquire/purchase buildings for Office space abroad. Due to the issue of cost and quality of acquisition, cost escalation and time overrun in the renovation projects, the Committee had been stressing upon the need to improve property management. The Committee are happy to note that the Ministry has taken several initiatives for better evaluation of the projects at initial stage to avoid the modifications at execution stage. This will certainly help in timely and cost effective execution of the projects. The Committee are hopeful that with due expertise, the Ministry would be able to make judicious decisions to ensure maximum utilization of allocated resources. The Committee expect that the newly established Technical Cell in the Projects Division should be strengthened by adding more technical experts having requisite experience in project management to ensure proper monitoring and timely evaluation and thorough review of all the proposals under consideration and implementation in the various parts of the world. The Committee would also like to reiterate their earlier recommendation that sincere and concerted efforts should be made to acquire/purchase maximum properties utilizing the opportune time of low property prices world-wide.

(Recommendation No. 7)

D. Outlay during Five Year Plans

2.50 India has traditionally been among the forefront of developing countries providing aid and assistance through technical and economic cooperation to other developing countries. The quantum of Ministry's Budget devoted to its technical and economic cooperation has also been increasing over the years. The Foreign Secretary during the course of evidence further elucidated as under:

> *"India's international image and standing today is characterized not only by its traditional role of a leader of the developing world and a major player on all important global issues but also by its emergence as a major non-traditional donor of aid and assistance, particularly, in the form of technical and economic cooperation provided to the countries in its immediate and extended neighborhood. This role of India has been much appreciated by the recipient countries who are our partners in delivering the benefits of these assistance projects to their peoples as also by the major powers and international and regional organizations."*

2.51 Though the Budget of the Ministry is primarily in 'Non-Plan' category, however, with the approval of Union Cabinet a 'Plan Budget' Head was created in financial year 1996-97 for meeting the large Budgetary Outlay on projects related to infrastructure development with India's assistance in other countries. There are some identified projects in Bhutan, Afghanistan, Myanmar and India. These mega projects have a long implementation schedule and monitoring mechanism. These projects are approved by the Expenditure Finance Committee and approval of Competent Authority is obtained thereafter.

(i) Performance under Eleventh Five Year Plan

2.52 To evaluate the Ministry's endeavour during the Eleventh Five Year Plan, the Committee desired the Ministry to furnish data regarding number of projects approved/completed during Eleventh Five Year Plan, alongwith proposed expenditure,

approved outlay and actual expenditure during the Plan period. Though the Ministry submitted the details of the projects, however, the Ministry stated that the project-wise breakup is not maintained in respect of RE, actual and surrenders.

2.53 While highlighting the achievements of Eleventh Five Year Plan, The Ministry in written reply submitted as under:

> *"The major achievement of the 11th 5-year plan was the completion of Tala Hydroelectric project which was commissioned during 2006-07… Three new hydroelectric projects viz., Punatsangchhu I, Punatsangchhu II and Mangdechhu were brought under implementation, and these are under various stages of progress. The Pul-e-Khumri transmission line project was completed before time in 2009 and an extension of the same project i.e., construction of substations in Doshi and Charikar is being pursued."*

2.54 In light of Ministry's reply, the Committee desired to know the details of Tala Hydroelectric project, with reference to the initial cost and initial date of completion and whether there was any element of time and cost overrun. The Ministry in post-evidence written reply submitted as under:

> *"The cost for Tala HEP was projected in its DPR was ₹ 1418 crores as per June 1993 prices. The date of completion envisaged for the project in its DPR was seven years. The construction commenced in 1999 and its first plant was commissioned in July 2006. Thus, there was no time overrun. The project's final cost of completion was ₹ 4185.52 crores."*
>
> *While stating the reasons for cost overrun in Tala HEP, the Ministry stated that three major factors that caused the included Unforseen situations, Design changes and Price variation."*

2.55 The Ministry further elaborated upon optimum utilization of funds in meeting out international criteria in terms of its output, but, as regards any evaluation carried out, the Ministry submitted as under in a post-evidence written reply:

> *"Regular audit was undertaken of Tala HEP's records, accounts and procedures by a joint audit team of the Comptroller & Auditor General of India and the Royal Government of Bhutan's Audit Authority. At the time of handing over of Tala HEP to RGoB for operation and maintenance (O&M), there was not a single*

audit para pending against the project. While no formal evaluation has been carried out comparing the project's output against other projects worldwide, the project's performance has been excellent, as per international standards. In the DPR, the Plant Load Factor (PLF) is indicated as 54.46% on average year generation and 44.34% on 90% dependable year energy generation. The PLF based on actual energy generation was exceeded in 2008 (51.60%) and 2009 (49.20%). It can, therefore, be seen that Tala HEP is generating to its optimum as per the river flow condition."

2.56 While going through the details of proposed outlays by the Ministry and actual allocation by the Planning Commission, the Committee noted that MEA had failed to make realistic budgetary proposals before Planning Commission during Annual Plans of Eleventh Five Year Plan and hence, leading to lower allocations and desired to know about the steps being undertaken by the Ministry, so that, such unrealistic projections are not made in future. The Ministry in written reply submitted as under:

"The projections made before the Planning Commission by this Ministry are on the basis of the reports of the various Project implementing authorities and/or the consultants for the projects. Further, Ministry also discusses the schedules of implementation with the various stake holders in order to arrive at a more realistic time frame and cost estimates, and then proposes these figures to the Planning Commission."

2.57 The Committee desired to know about the efforts being made by the Ministry to arrive at realistic time frames and costs, as there have been ample examples of hugely inappropriate projections, as well as, time and cost overrun in various projects and the steps taken by the Ministry trying to fine tune the process to arrive at more believable figures. The Ministry in post-evidence written reply submitted as under:

"As regards projects in Bhutan, the projections made by the Project Implementation Authorities are counter-checked and evaluated by the members of the Board in the meetings of the PIAs, which include technical experts as permanent invitees. There have been no unrealistic or inappropriate projections regarding the three India-assisted HEPs currently under implementation in Bhutan. In the last three years, the funds allocated for the three India-assisted HEPs under implementation, have been fully utilized.

As regards the Kaladan Project in Myanmar, the cost overrun has occurred because of the expanded scope of work on the road component of the project. The Ministry will be taking necessary steps to obtain Cabinet approval for the revised cost estimates. As regards the port component of the project, the project is on time and the cost is as per the estimate.

As regards the Pul-e-Khumri to Kabul transmission line project in Afghanistan, the same was completed ahead of time and with savings. The additional work of electric sub-stations at Doshi and Charikar will be completed in the current financial year. The cost estimate has been vetted by the Ministry of Power.

As regards the Nalanda University Project, the cost estimates projected for the Annual Plan 2012-13 were based on the draft DPR prepared by EdCIL. The University has reviewed its requirement in its latest assessment and has stated that a huge outlay will not be required in 2012-13.

As may be seen, various factors may lead to time and cost overrun. However, the Ministry constantly reviews the outlays for the projects and takes suitable steps to address the issues which arise from time-to-time so as to minimize the adverse affects, if any, on the projects."

2.58 Regarding the mechanism to counter check and evaluate the projections, as well as, claims made by Project Implementing Authorities and monitoring mechanism available for Project Implementation Authorities at local level, the Ministry in post-evidence written reply submitted as under:

"At local level, the projects are monitored by site visits undertaken by officials of the Mission as well as the Ministry from time-to-time. The day-to-day monitoring is done by the Project Monitoring Consultant (PMC) / Consultant."

(ii) Projections for Twelfth Five Year Plan

2.59 Government of India is embarking upon the Twelfth Five Year Plan, dwelling upon the proposed outlay by the Ministry for Twelfth Five Year Plan, the Foreign Secretary further stated:

> *"The MEA's proposed outlay for the Twelfth Five Year Plan is ₹ 52,956.14 crores. The substantially enhanced 12th Plan projection is due to the seven new hydroelectric projects which are planned to be taken up in Bhutan in the coming years."*

2.60 The Committee desired to be enlightened about the Ministry's basic philosophy and vision behind Twelfth Five Year Plan and, whether any significant departure has been made in this Plan as compared to Eleventh Five Year Plan. The Ministry in written reply submitted as under:

> *"The major share of the Ministry's demand for the 12th Five Year Plan is for the 10 Hydro-electric Power (HEP) projects in Bhutan, three of them are already under implementation while seven new projects will be undertaken during the 12th Plan Period.*
>
> *A significant departure has been made in the proposed funding pattern of four new hydro-electric projects out of the seven. It may be noted that the three ongoing projects are being implemented under the inter-governmental agreement model where GOI's funding commitment is 100% both under loan and grant portions. Three new HEPs, viz. Kuri Gongri, Sankosh and Amochhu are also proposed to be implemented under the inter-governmental agreement model. However, the rest of the four HEPs, viz. Chamkharchhu I, Bunakha, Kholongchhu and Wangchhu, will be implemented under the joint venture model in which GOI's share would reduce from 100% to 14.7% (Debt: Equity ratio of 70.30 with GOI giving 49% of Bhutan's share of 30% equity as grant)."*

2.61 Elaborating upon the mechanism and modalities under the new model, the Ministry in a post-evidence written reply submitted as under:

> *"The decision to implement four HEPs in JV mode was jointly taken by the two Governments……*
>
> *The modalities for the proposed JVs are under negotiation between the Indian and Bhutanese PSUs. After the terms and conditions have been decided*

between them, the two Governments will hold discussions about signing an intergovernmental MoU in support of these JV-mode projects, which would outline the obligations of the two Governments….

Further, it has been decided in the 8th EJG meeting, held on February 3, 2012 in New Delhi, that there will be a nominee each from GoI and RGoB in the Board of Directors of the joint venture companies formed by the Indian and Bhutanese PSUs for the implementation of these JV-mode HEPs to ensure that the projects are implemented in the most effective manner."

2.62 Though, the Ministry has furnished the list of projects anticipated during Twelfth Five Year Plan, alongwith allocation for each, however, the Ministry stated that the approved outlay for the Twelfth Five Year Plan is yet to be communicated by the Planning Commission.

2.63 The Committee specifically desired to know about the mechanism followed to ensure that time and cost overrun are avoided during Twelfth Five Year Plan, the Ministry in written reply submitted as under:

"In all the Plan projects, the Ministry undertakes regular meetings to monitor the progress of work and the costs with the various stakeholders including the beneficiary governments, consultants, contractors, and other stakeholders within the ambit of the Project Monitoring Committee for the respective projects. Such periodic reviews provided valuable inputs and course correction measures. All deviations are closely observed to ensure that the overall progress of the projects is on track. Adequate funding and budgetary allocation are also a major factor to ensure that time overrun is avoided which itself leads to cost overrun. Ministry is conscious of the importance of timely completion of all the projects."

2.64 The Committee observed that inspite of such regular meetings, there have been instances of delay in projects and cost overrun during Eleventh Five Year Plan, and desired to know whether the Ministry plan to take any additional steps, so as to, avoid time and cost overrun and whether the Ministry think that there is an urgent need to overhaul its review and monitoring mechanism. The Ministry submitted following explanation in a post-evidence written reply:

"The current method used by the Ministry regarding projects from inception to delivery is detailed and meticulous and takes into account suggestions made by

all stake holders in the projects. However, there have been incidences of unforeseen factors obtaining at the local level in foreign countries, geological surprises (as in the case of HEPs) etc which have led to time and cost overrun in some projects. To ensure better conception and implementation of the projects, the Ministry has created a Development Partnership Administration (DPA). The DPA will take stock of the current status of all the aid projects and will develop Standard Operating Procedures for their efficient handling through the stages of concept, launch, execution and completion. This is expected to improve the supervision of the Ministry over the projects."

2.65 The Committee have noted that in the past years, particularly during Eleventh Five Year Plan period, there have been several instances when inadequate allocations were made by the Planning Commission. The Committee feel that inappropriate projections made by the Ministry before the Planning Commission and the performance and requirement of the Projects has significantly contributed in the lower allocation by the Planning Commission. The Committee urge the Ministry to streamline the existing Budgetary process and instill techniques and other budgetary instruments for arriving at near realistic proposals/projections and present the demand strongly before the Planning Commission, particularly the projects that are under implementation. The Committee suggest that if need be, services of the financial/budgeting/project experts as well as expertise from the recipient countries may be utilized for the purpose. Factual evaluation coupled with actual monitoring of the progress of the project should be carried out and budgetary demands made by PIAs or consultants should be thoroughly examined and counter-checked before submitting the proposals for Budgetary Allocation from the Planning Commission.

(Recommendation No. 8)

2.66 The Committee note that the MEA's proposed outlay for the Twelfth Five Year Plan is ₹ 52956.14 crores which is substantially enhanced from the last Five Year Plan due to seven new hydro-electric projects in Bhutan. The Committee welcome the departure from the earlier funding pattern of inter-governmental agreement model where Government of India's funding commitment was 100%. Now, in four Projects, modalities are under negotiation for Joint Venture model which will reduce Government of India's share and outline the obligations of both the Governments. To ensure better conception and implementation of the projects, Ministry has also created a Development Partnership Administration (DPA). The Committee, therefore, hope that the Ministry will be able to get sufficient plan allocation by convincing Planning Commission through realistic projections and changes in investment and monitoring pattern of the proposed projects in Bhutan. The Committee would like to be informed about the actual allocation made by the Planning Commission and also about the initiatives being taken by the Ministry for handling these projects starting from drawing board to its execution.

(Recommendation No. 9)

CHAPTER-III

Technical and Economic Cooperation

One of the essential and key elements of India's foreign policy has been technical and economic cooperation with other countries. Though India has never been a donor in the traditional sense but India has always shared its technical expertise in building human resource capacity in other developing countries, training foreign personnel in India for educational and skill enhancements, undertaking development projects in partnership with recipient countries and in full consultation with them and extending aid in times of natural disasters. Such assistance has been extended through bilateral as well as regional and multilateral mechanisms.

3.2 Development cooperation with other countries is conducted under the Indian Technical and Economic Cooperation (ITEC) Programme which is a flagship programme of the Ministry encompassing virtually the entire community of developing nations. Nearly 36% of Ministry's budget is devoted to Technical and Economic Cooperation with other countries. The quantum of projects dealt under this programme and their geographical spread has been growing. India's assistance to the neighbouring countries has been accorded priority. In its extended neighborhood, India has embarked upon supporting infrastructure and development projects in Africa as prioritized by the African countries themselves.

3.3 Elaborating upon the long term vision of India's developmental and technical aid/loan, the Ministry stated in a written reply as under:

> *"Ministry's long term vision of extending technical and economic assistance to other countries is to secure friendship and cooperation with the partner countries, enhance goodwill for India among the peoples of these countries and further peace and stability in the world leading to a more secure world for the nations at large. The role of India in providing technical and economic cooperation has been much appreciated by the recipient countries as well as regional and international organizations and is in keeping with the enhancing global role of our country in international affairs…"*

A. Development Partnership Administration (DPA)

3.4 The Committee noted that for speedy and efficient implementation of India's external economic assistance programme and for smooth coordination with other departments/Ministries of Government of India, the Development Partnership Administration (DPA) has been formed as a separate Division in the Ministry. While elaborating upon the idea behind the DPA, the Ministry in written reply has stated:

> *"A Development Partnership Administration (DPA) has been created within MEA with the principal responsibility of ensuring speedy and efficient implementation of India's external assistance programmes, in close coordination with GoI Ministries/Departments and other Agencies.*
>
> *The notification creating DPA was issued on January 18, 2012. DPA is operational and is in the process of identifying and augmenting the in-house capacities that are required for speedy and efficient implementation of projects."*

3.5 During the course of evidence, the Foreign Secretary informed the Committee:

> *"To provide a focus nodal point for effective conceptualization and implementation and monitoring of these projects, we have created a new Division named Development Partnership Administration (DPA) within the Ministry and it is headed by an Additional Secretary."*

3.6 Dwelling upon the mandate of DPA, the Ministry in post-evidence written reply has stated:

> *"The DPA has been mandated to develop Standard Operating Procedures for their efficient handling through the stages of concept, launch, execution and completion. This is an exercise that will draw lessons from the experience of implementing projects that have been completed as well as projects that are currently undergoing implementation. DPA has also been mandated to be involved in all aspects of project monitoring. This exercise will be undertaken in coordination with other stakeholders."*

3.7 The Ministry has time and again mooted the idea of creating an agency for ensuring speedy and efficient implementation of India's external assistance programme in the form of India International Development Cooperation Agency

(IIDCA), and later, revising it to Indian Agency for Partnership and Development (IAPD). The Committee are happy to note that MEA has finally been able to create a Development Partnership Administration (DPA) within the Ministry to take stock of the current status of all the projects and to develop Standard Operating Procedures for the Projects. The Committee, therefore, desire that the new Division in the Ministry should be well equipped with the services of experts to make it capable to perform as per the mandate and achieve the objective to streamline the process since the inception of the idea to the actual delivery of the project. The Committee further desire that the capacities of DPA should be augmented without any delay to ensure a time and cost-effective delivery of projects with quality of high international standards. The Committee are of the opinion that DPA should further explore the possibility of India's assisted developmental projects in other friendly and strategically important countries including from Africa and Latin-America. The Committee also hope that with the creation of DPA, the Ministry will be able to present more realistic projection before the Planning Commission for obtaining desired allocations and with better inter-ministerial consultations, fast tracking of the process for quicker/enhanced results will also be possible. The Committee should regularly be apprised of the progress and achievements made in this direction.

(Recommendation No. 10)

B. Aid to Countries

3.8 Informing about the quantum of aid under both Plan and Non-plan Head provided to various countries, the Ministry provided following details in a written reply:

> *"The aid given to various countries appears under the Major head 3605 – Technical and Economic Cooperation with Other Countries only. Loans given to*

various countries appear under the Major head 7605 – Advances to Foreign Governments. The Aid component (both Plan and Non Plan) provided to various countries as listed under Sectoral Allocation is tabulated below:

(₹ in crores)

Aid to Countries	**BE 2012-13**	**% of total budget of MEA**
Bhutan	1591.40	16.47
Afghanistan	707.00	7.32
Nepal	270.00	2.79
African Countries	250.00	2.59
Mongolia	02.00	0.02
Sri Lanka	290.00	3.00
Myanmar	302.21	3.13
Eurasian Countries	30.00	0.31
Bangladesh	30.00	0.31
Maldives	36.00	0.37
Latin American Countries	15.00	0.16
Others	281.00	2.91
Total	3804.61	39.38

3.9 While furnishing the reasons for increase in Technical and Economic Cooperation from ₹ 2391.87 crores in RE 2011-12 to ₹ 3804.61 crores in BE 2012-13, the Ministry submitted the following details in a written reply:

"Major increases over RE 2011-12 are under:-

a) Aid to Bhutan (₹ 608 crores) for Standby Credit Facility/hydro electric projects/continuing projects

b) Aid to Nepal (₹ 120 crores) for the Rail Links project

c) Aid to Bangladesh (₹ 22 crores) for the Rail Links and other projects announced by the Hon'ble PM

d) Sri Lanka – Other Aid Programme (₹ 157 crores) for the housing project

e) Aid to Afghanistan (₹ 417 crores) for the Doshi Charikar Project, Supply of Wheat, Parliament Building, Indian Medical Missions, Salma Dam etc.

f) Aid to African Countries (₹ 100 crores)"

C. Aid to Afghanistan:

3.10 Most of India's developmental projects in Afghanistan can be broadly divided into four categories: Large infrastructure projects, humanitarian assistance, capacity building initiatives and small developmental projects. Elaborating upon India's developmental engagement with Afghanistan, the Ministry stated in a written reply as under:

> *"India has been actively engaged in assisting the efforts of the Government of Afghanistan in the reconstruction and development of their country as a means to bringing about stability in Afghanistan. We are among the largest donors to that country. Our vision is for Afghanistan to be a trade, transportation and energy hub connecting Central and South Asia by enabling free and more unfettered transport and transit linkages. Growing economic interdependence could catalyze peace and prosperity in the region at large and in Afghanistan in particular. Our interests in Afghanistan are thus, the same as that of the people of Afghanistan themselves."*

3.11 While elucidating various initiatives by India, the Foreign Secretary submitted following facts during the course of evidence:

> *" In Afghanistan, construction of double circuit transmission line from Pul-e-Khumri to Kabul had been completed well ahead of time under the 11th Five Year Plan. Two more electric substations were later added to the project to be built up at Doshi and Charikar so that these cities could also access electricity from the same transmission line and this had additional financial implications of ₹ 187.54 crores. Mobilization has started for the work on these two sub-stations. The expected expenditure on the remaining part of the project is ₹ 127 crores which has been fully provided for under the allocation for the Financial Year 2012-13."*

3.12 He further stated:

> *"The reconstruction and completion of the Salma Dam Power Project (42 MW) in the Herat Province for power infrastructure and irrigation is progressing even though we are faced with major escalation in the cost of the project for which*

the Ministry will be moving for Cabinet approval of the revised cost estimate. India is constructing Afghanistan's Parliament building at a cost of ₹ 710 crores."

3.13 When asked about construction of Parliament Building in Afghanistan, the Ministry furnished the status as under:

"*The construction of Afghanistan's Parliament building was started in the year 2009, with an approved cost of ₹ 710 crores by the Cabinet. The stipulated time frame for completion of the project is 36 months. The project is expected to be completed by 2013. There is no cost revision in case of Parliament building project."*

3.14 Clarifying the position further, the Ministry submitted the chronological sequence of the events in a post-evidence written reply as under:

"…CPWD submitted the preliminary cost estimate of the project on January 6, 2006 for ₹ 296.45 crores as per their standard guidelines. The Committee on Non-Plan Expenditure (CNE), Ministry of Finance, on May 29, 2006, recommended the project for approval by Cabinet at an estimated expenditure of ₹ 296.45 crores.

In July & August 2006, Government of Afghanistan gave certain new requirements for the proposed Afghan Parliament Building and also suggested some basic changes in the conceptual plans. The Master Plan and the architectural drawings for Parliament Building were accordingly modified taking into account the additional requirements and changes as suggested by Afghan Government. The Afghan Government approved the modified plans in December 2006. CPWD submitted the modified preliminary cost estimate of the project in January 2007 for ₹ 337.58 crores as per standard guidelines based on modified drawings and incorporating the extra cost implications on account of additional requirements and changes as relevant to the scope of work for the Parliament Building. MEA obtained the approval of the Cabinet for the tendered cost for ₹ 710 crores in December 2008 after opening of the tender for the project. There has not been any cost revision after approval of the cost of ₹ 710 crores by the Cabinet."

3.15 When the Committee specifically desired to know about the steps being taken to ensure that there is no further time and cost overrun in the project, the Ministry stated in a post-evidence written reply as under:

> *"A Special Works Board (SWB) has been constituted to look after the progress of work including any issue that requires urgent attention in terms of decision to be taken."*

3.16 The Committee are happy to note that India has emerged as a significant developmental partner in Afghanistan and has invested more than $1.5 billion in developmental and infrastructure works there for building roads, hospitals, schools and the Afghan Parliament building etc. which won international appreciation for the Indian policy of winning hearts and minds of the people of Afghanistan. The Committee appreciates various initiatives undertaken by the Government and completion of Pul-e-Khumri Project ahead of schedule despite various constraints. But, the Committee are dismayed to note the slow progress in the construction of Afghanistan's Parliament Building and therefore, recommend that the process should be expedited to ensure the timely completion of the Project. At the same time, the Committee would also like to stress upon the timely delivery of other Projects being undertaken in Afghanistan in a cost-efficient manner.

(Recommendation No. 11)

D. Aid to Bangladesh

3.17 India is committed to develop and strengthen its close and friendly relations with Bangladesh based on a vision for durable and long-term cooperation to achieve mutual peace, prosperity and stability. Allocation under 'Aid to Bangladesh' Head caters to the Government of India's aid and assistance programmes in Bangladesh. The proposed allocation under BE 2012-13 is ₹ 30 crores to provide for Rail Links and various other projects. One of the major projects which is being taken up in Bangladesh is the Akhaura- Agartala Rail Link to provide better connectivity between the two countries.

3.18 In the Budget document, it is stated that the additional allocation of ₹ 23 crores would be required for project implementation of Akhaura-Agartala Rail Link Project. Regarding the status of the project and augmentation of additional resources, the Ministry submitted the following details in a written reply:

> *"During the visit of the Prime Minister of India to Bangladesh in September 2011, the two Prime Ministers directed the concerned officials that the MoU regarding development of railway infrastructure at the border point between Agartala and Akhaura should be concluded and the execution of rail line commenced at the earliest. The draft MOU on Akhaura-Agartala rail link has been forwarded to Bangladesh for comments. The Government of India has agreed to fund the land acquisition of the project in view of the importance of this project for India which as per initial estimates is around Rs 21 crores."*

3.19 During the course of evidence, the Foreign Secretary informed the Committee that finalization of the MoU for the Project is in its final stage. The Ministry in post-evidence reply further stated as under:

> *"As per the Detailed Project Report, the total estimated project cost is around ₹ 124 crores and projected be completed in three years. The project would be undertaken under grant-in-aid assistance of the Government of India…. "*

3.20 Government of India has expanded its ambit of aid to Bangladesh to incorporate projects to enhance connectivity between the two countries. Akhaura- Agartala Rail Link is an important initiative to establish railway infrastructure at border points between India and Bangladesh to enhance mutual transit arrangements for trade and commerce. The Committee feel that the initiative of Government of India can provide impetus to inter-regional and intra-regional trade within each country and enhance trade activities across the region. The Committee desire that the Ministry should take up all the related issues of the project with Government of Bangladesh and also establish proper coordination mechanism with the Ministry of Railways to carry out the project on the Indian side. The Committee further desire that the Ministry should explore the possibility of cooperating in hydro-power project and energy sector with Bangladesh to rebuild a forward looking relationship with Bangladesh.

(Recommendation No. 12)

E. Aid to Bhutan

3.21 India continues to be Bhutan's largest trade and development partner. Apart from the highly successful and mutually beneficial cooperation in the hydro-power sector, the Government of India has committed assistance worth ₹ 3400 crores for Bhutan's Tenth Five Year Plan including project-tied assistance of ₹ 2000 crores for projects in socio-economic sectors. India is also providing grant of ₹ 700 crores for 1900 small development projects across Bhutan. Government of India is also providing a programme grant of ₹ 700 crores to the Royal Government of Bhutan during the Tenth Five Year Plan as development subsidy.

3.22 The Committee note that out of total budget of MEA during BE 2012-13 of ₹ 9661.97crores, the allocation to Bhutan is ₹ 2638 crores which is more than 25% of total budget of the Ministry. While elaborating upon the reasons for such a quantum jump in allocation to Bhutan, the Ministry in written reply stated:

> *"The enhanced allocation under 'Aid to Bhutan' budget head is primarily due to GoI's assistance to RGoB for development of hydropower in Bhutan, which has been an important, mutually beneficial and highly successful element in our bilateral relations. In 2006, GoI and RGoB signed an umbrella agreement on cooperation in the hydropower sector under which India committed to import 5,000 MW hydropower from Bhutan by 2020. During the visit of our Prime Minister to Bhutan in May 2008 this target was revised to 10,000 MW, for which a Protocol to the 2006 Agreement was signed in March 2009…."*

3.23 While further elaborating upon long term engagement with Bhutan, the Ministry in written reply stated:

> *".., if GoI is to meet its commitments, the funds requirements for 'Aid to Bhutan' budget head will be increasing substantially over the next few years and at least until 2020-22, by when India and Bhutan aim to achieve the target of developing 10,000 MW of hydro-power in Bhutan for import by India. Given cost escalation likely due to inflation, unavoidable design changes and further optimization of project components, which may not have been envisaged in the DPR, enhancement of the estimated project implementation costs by 8-10% is likely."*

3.24 Further elaborating upon the identified projects and current projects, the Ministry stated in a post-evidence written reply:

> *"Ten hydroelectric projects (HEPs) have been identified by the two Governments to meet the jointly agreed target of developing 10,000 MW of hydropower in Bhutan by 2020 for import by India. The implementation of three of these HEPs is under way. The implementation of the other seven HEPs is expected to commence by early 2013. The construction of the three India-assisted HEPs under implementation is progressing as per their projected time schedules. To ensure that the implementation of these HEPs does not suffer from time or cost overruns, it is imperative that adequate allocation of funds is made for these HEPs."*

3.25 In post-evidence written reply, the Ministry further eleborated upon the modalities of the new projects identified during India's Twelfth Five Year Plan and stated that:

> *"...there are four projects identified for implementation under the joint venture model, viz. Chankharchu I, Bunakha, Kholongchu and Wangchu. The modalities for implementation of projects under the JV mode are under negotiation between the PSUs of India and Bhutan. The project cost in respect of each of them is shown as per their respective DPRs. None of these future projects have been submitted to Cabinet so far for approval of cost estimates and hence there are no sanctioned cost / revised sanctioned cost at this stage. The balance fund requirement is the total projected cost. However, GOI's liability would eventually reduce to 14.7% of the total project cost in respect of the above mentioned four projects once terms and conditions of JV are finalised."*

3.26 India is currently engaged in construction of three Hydro-Electric Power Projects in Bhutan. The Committee are concerned to note that for the Phunatsangchu HEP Project, as against the demand of ₹ 1000 crores only ₹ 500 crores have been allocated. Similarly, for Phunatsangchu HEP-II only ₹ 160 crores have been allocated against the demand of ₹ 969.67 crores. In all likelihood the funds will be exhausted by the second quarter itself and even if the Ministry gets some additional allocation in Supplementary Demands for Grants, it is certainly going to slow down the pace of implementation causing delay to

the project. The Committee take a serious note of this issue and urge that such situations should be avoided and sufficient funds must be provided atleast to the projects which are in full swing of implementation. The Committee think that since India has plans for more Projects in Bhutan and that too under Joint-Venture mode, it is all the more pertinent for the Government to ensure timely arrangement of adequate funds as such situation leads to time and cost overrun.

(Recommendation No. 13)

F. Aid to Myanmar

3.27 Kaladan Multi Modal Transit Transport Project is one of the ambitious multi-model transport corridor project of Government of India for ensuring connectivity between India and Myanmar. The Committee drew the attention of the Ministry to the budgetary allocation and utilization pattern of the project during Eleventh Five Year Plan as furnished by the Ministry:

(₹ In crores)

Particulars	Demand made	BE	RE	Actual expenditure
Kaladan Multi Modal Transit Transport Project				
2007-08	49.57	40.41	0.00	0.00
2008-09	41.00	41.00	5.00	0.00
2009-10	545.00	25.00	25.00	8.84
2010-11	135.00	60.00	60.00	34.24
2011-12	135.00	60.00	45.00	17.41 (upto 25th March)
2012-13	448.33	220.00	-	-

In view of the figures furnished by the Ministry, the Committee desired to know the reason for seeking unrealistic allocation in initial phase of the project, when the initial preparations were underway during the first two years of the project. The Ministry submitted in a post-evidence written reply as under:

> *"The funds were sought based on the plan for implementation agreed upon between MEA, the PMC and the Implementation Agency. The expenditure projections were based upon the stages of progress as identified in the project implementation plan."*

3.28 Under the Plan Head during the BE 2012-13, for the Kaladan project the Ministry's projection was ₹ 448.33 crores while the project has been allocated `.220

crores. The Ministry in written reply stated:

"Planning Commission pointed out that funds could be released only to the extent of Cabinet approved cost which is ₹ 535.91 crores. MEA stated that at least ₹ 220 crores will be required for the port component of the project while for the road component with enhanced scope of work, a note will separately be moved for seeking Cabinet's approval."

3.29 In this context, the Foreign Secretary during the course of evidence submitted that:

" An outlay of ₹ 220 crores has been apportioned for the Annual Plan 2012-13 which is expected to meet the requirement of the port component of the work. For additional requirement of the road component which has seen expanded scope of work and thus requires more budget, the Ministry plans to first seek Cabinet approval for the enhanced cost of the Kaladan project."

3.30 Elaborating upon wider developmental engagement with Myanmar, the Foreign Secretary stated during the course of evidence as under:

"India continues to achieve steady progress in its development project in Myanmar, where the relationship focuses on infrastructure development, connectivity, power, railways, oil and natural gas and agriculture…. We have also started the preparation of a Detailed Project Report for the trilateral highway that will improve access to ASEAN countries directly from India by road. Project Reports were initiated for the construction of the 1200 MW Tamanthi and Shwezaye Hydroelectric Project. An allocation of ₹ 82.21 crores has therefore been provided for Myanmar."

3.31 Kaladan Multi-model Transit Project is one of the important ambitious project undertaken by the Government of India in Myanmar. The Committee observe that as against the projection of ₹ 448.33 crores, only ₹ 220 crores have been allocated by the Planning Commission. The Committee are surprised to note that MEA submitted the enhanced demand for the Project without Cabinet approval. As rightly pointed out by Planning Commission before moving for an

enhanced allocation, MEA should have obtained the Cabinet approval. The Committee desire that the Ministry should approach the Cabinet at the earliest for further approval of the additional required funds for the project, so that, additional resources may be augmented during the Supplementary Demands for Grants in order to avoid any constraint in the progress of such an important project. The Committee also take note of the other projects undertaken/under consideration in the region. The Committee desire the Ministry to expedite the process for preparation of Detailed Project Report for the trilateral highway project to improve access to ASEAN countries directly from India by road. The Committee also urge the Ministry to identify such other projects to enhance connectivity with the Eastern neighbours.

(Recommendation No. 14)

G. Aid to Sri Lanka

3.32 Sri Lanka is one of the major recipients of the development credit extended by the Government of India. The Committee noted that under 'Aid to Sri Lanka', the budgetary allocation during BE 2011-12 was ₹ 290 crores, which was reduced in RE 2011-12 to ₹ 133 crores, while for BE 2012-13, it is kept at the level of BE 2011-12. Elaborating upon reasons for reduction in allocation during RE 2011-12, the Ministry submitted the following written reply:

> *"Of the Rs 290 crores allocated under BE of 'Aid to Sri Lanka' in BE 2011-12, Rs 150 crores was for the housing project being undertaken in Sri Lanka. However, the allocation under FE 2011-12 were reduced to Rs 133 crores in RE 2011-12 after projected expenditure figures on the housing project were revised on account of the delays including in handing over of sites by the Government of Sri Lanka for construction of 1000 houses under the Pilot Project as well as time taken for finalising the modalities for construction of remaining 49,000 houses. The Ministry has utilised the funds fully."*

3.33 During the course of evidence, the Foreign Secretary submitted that a budgetary allocation of ₹ 290 crores only could be made against the project requirement of ₹ 620 crores.

3.34 On being asked to furnish a status note on housing project for Internally Displaced People in Sri Lanka and anticipated cost of the project, the Ministry submitted the following in a written reply stated:

> *" On 9 June 2010, the Prime Minister of India and the President of Sri Lanka announced an initiative to undertake a programme of construction of 50,000 houses for Internally Displaced Persons in the Northern and Eastern Provinces in Sri Lanka.*
>
> *As a part of this initiative, a Pilot Project for the construction of 1,000 houses in the Northern Province of Sri Lanka commenced in April, 2011 with Hindustan Prefab Limited as the Project Management Consultant (PMC).*
>
> *As per available information, of the 1000 houses in the Pilot Project, 450 houses are complete and ready to be handed over. Another 211 houses have reached roof level and 161 houses have been completed up to the lintel level.*
>
> *EAM handed over first lot of completed houses to the beneficiaries at Ariyalai, Jaffna on 18 January 2012."*

3.35 When asked about the reasons for delay in implementation of the Project, the Ministry furnished the following reply:

> *"There have been delays in the handing over of sites by the Government of Sri Lanka after undertaking jungle clearance.*
>
> *Work has also been hindered as many sites have to be de-mined before starting actual construction and due to lack of water and electricity and other infrastructural facilities like access roads, to sites."*

3.36 On the issue of Cabinet approval regarding construction of 49,000 houses, the Ministry further stated:

> *"The Cabinet, in December 2011, approved the modalities for repair and construction of 49,000 houses at a cost of Rs 1319 crores to be taken up over the next three years in the Northern, Eastern, Central and Uva Provinces of Sri Lanka.*

In order to facilitate construction, Government of India has started the process of selecting Implementing Agencies through a process of open tendering."

3.37 The Committee are aware that the Government of India is spending substantial amount on rehabilitation of Internally Displaced Persons in Sri Lanka by way of constructing houses, schools, hospitals, roads etc. The Committee in their 10th Report (15th L.S.) had commented that rehabilitation and resettlement projects in Sri Lanka have already been delayed and therefore had desired that all the proposed projects including building of 50,000 houses should be completed in specific timeline. However, the Committee observe that no timeline is being followed in any of the proposed projects perhaps due to bureaucratic delays and lack of cooperation. The Committee further observe the difficulties like non-availability of sites etc. is also being faced by the Government in execution of Pilot Project of constructing houses. The Committee are very interested in knowing the progress being made in the implementation of all its Projects in Sri Lanka and also desire to be updated by the Ministry on this account on regular basis. The Committee reiterate that in order to fulfil its commitment and requirement of the people of affected areas, the Government must strive and expedite the construction of remaining houses in a time bound manner. Moreover, the Committee also desire that the Government should ensure that every assistance being provided by the Indian Government in any form reaches to the needy and affected persons only.

(Recommendation No. 15)

H. Aid to Eurasia

3.38 In BE 2012-13, under the sub-head 'Aid to Eurasia' the allocation has been kept at the level of ₹ 30 crores in view the pace of expenditure in previous years.

Acquainting the Committee on the current status of Varzob-I Hydro-electric Project in Tajikistan, the Ministry in written reply stated:

> *"The matter regarding delays in implementation schedules as well as non-provision of facilities as agreed upon, are being taken up with the Tajik authorities in consultation with our Ambassador in Dushanbe before taking a final view on the issue. Likewise, the NHPC has been asked to submit a proposal indicating the details of the additional work now required to be done with estimated expenditure.*
>
> *Another meeting of the Project Monitoring Committee was held on 21st December, 2011. The progress of the project and other details were discussed in the meeting. A team of experts from Central Water Commission and Central Electricity Authority is being deputed to Varzob to make an independent study and recommend modifications in the tail race canal."*

3.39 The Ministry further stated:

> *"It is proposed to hold regular meetings of the Project Monitoring Committee to review the progress of the project and take necessary decisions so that the project there is no further delay in the project."*

3.40 The Committee observe that Varzob-I Hydro-electric Project in Tajikistan was formally launched in August 2009 and scheduled to be commissioned in June 2011 is now supposed to be commissioned by June 2012. Simultaneously, the other issues like requirement of additional expenditure for additional work and non-provision of facilities as agreed have also cropped up. The Committee, therefore, desire that all those pending issues should be resolved through consultation on priority basis so that there is no further delay in completion of the Project. The Committee have a firm opinion that completion of this Project will not only convey India's commitment to Tajikistan but also raise India's profile and presence in Central Asia region.

(Recommendation No. 16)

CHAPTER-IV

India's International Engagement

A. United Nations Organisation

India joined the Security Council as a non-permanent member on 1 January 2011 for a two year term 2011-2012. Elaborating the major initiatives undertaken by India as Non-Permanent Member of United Nations Security Council, the Ministry in written reply stated:

"At the Council, India has taken a leadership role and stressed the need to respect the principles of independence, sovereignty and territorial integrity of Member-States and non-interference by global actors.

During its membership of the Security Council, India was appointed as chair of two Committees and a Working Group of the Council, namely, the Counter-Terrorism Committee, the Committee concerning Somalia and Eritrea, and the Working Group concerning threat to international peace and security by terrorist acts.

During 2011, the Security Council adopted 66 resolutions, 22 Presidential Statements and 72 Press Statements. India supported these outcome documents except resolution 1973 authorizing military operations in Libya, on which India, along with four other countries, abstained. Regarding the situation in Syria, India has called for a Syrian-led inclusive political process, without foreign interference, which should address the legitimate concerns of all sections of Syrian society.

In the Security Council, India has taken lead in enhancing international cooperation in the areas of counter-terrorism, counter-piracy, non-proliferation of weapons of mass destruction to non-state actors, and strengthening of UN peacekeeping and peace-building efforts.

India maintained its leadership role in UN peacekeeping including through substantial contribution of personnel and force enablers to UN peacekeeping operations.

Under India's chairmanship, the Counter-Terrorism Committee made significant progress on implementation by the member states of their obligations under UN resolutions pertaining to counter-terrorism. Under India's leadership,

the Counter-Terrorism Committee of the UN adopted an outcome document on 28 September 2011 that called for "zero tolerance" of terrorism and of terrorist actions. India also continued to work for progress in negotiations on the draft Comprehensive Convention against International Terrorism (CCIT) and its early finalization."

4.2 As part of its Non-permanent Membership of UN Security Council, India has been appointed as Chair of the UN Counter Terrorism Committee (UNCTC). On being asked whether the issue of Cyber Security and Cyber Terrorism has been taken up by India in the Committee, the Ministry submitted following facts in a written reply:

"The issue of cyber security and cyber terrorism is an evolving issue at the UN fora and there are divergent strands of thought amongst member states with regard to regulating freedom of expression and the internet. Conscious of the challenge, we have urged the Counter Terrorism Committee Executive Directorate (CTED) to put greater focus on terrorist threats emanating from new information and communication technologies, in particular the Internet, for the purposes of recruitment and incitement as well as for financing, planning and preparation of their activities, for which there is an enhanced convergence of interest. Last year, CTED provided a detailed presentation to the Committee on Terrorism Prevention and Countering Incitement to Terrorism through the Internet."

4.3 The Ministry in their written reply also dwelled upon the efforts being made by the International Community and India on the issue of reforms in United Nations:

"India has been working along with other like-minded countries for building support among the UN membership for a meaningful reform and expansion of the UN Security Council. We have, in collaboration with Brazil, Japan and Germany (together known as the G-4) proposed expansion of the membership of the UN Security Council from fifteen to twenty-five by adding six permanent and four non-permanent members.

In the ongoing 8th Round of inter-governmental negotiations on Security Council reform, a series of five meetings spread over January to April 2012 are being held to discuss in detail the five main proposals for Security Council reform, viz., the G-4, the Uniting for Consensus (UFC), the African Group, the L-

69 and the S-5 Group. The first of the five scheduled meetings was held on 26 January and discussed the G-4 initiative. The G-4 proposal elicited an enthusiastic participation from the Member States. Encouraged by the positive response of Member States to their initiative, the G-4 are continuing with their outreach efforts for building support in favour of their proposal with focus on gaining more support from African countries."

4.4 The Committee welcome India's proactive participation in various multilateral initiatives undertaken at the United Nations as a Non-permanent Member of UN Security Council. The Committee are happy to note that India has been endeavoring to enhance cooperation on issue of traditional, as well as non-traditional security. However, the Committee desire that India should build up world opinion against such threats. The Committee further desire that India should holistically take up contentious global issues and strive to build global coalition to arrive at consensus and amicable solutions. The Committee would also like to reiterate that India should build coalition for reform within the structure of United Nations in the context of the changed international system with 193 countries as against 51 countries at the time of its birth especially with reference to increase in the number of permanent members in the Security Council. Though, India's bid for permanent membership of UNSC has been backed by four permanent members, India must strive hard to get permanent membership in the Security Council at the earliest. Moreover, India must take-up the issues such as categories of membership, lack of regional representation, power to veto, the size of the expanded Security Council and its modus-operandi along with General Assembly and Security Council relationship etc. to reflect current day realities.

(Recommendation No. 17)

B. Non-Aligned Movement (NAM)

4.5 The bygone year marked 50 years of historic meeting of founding fathers of Non-Aligned Movement (NAM). It presented a way to maintain an independence of policy, without aligning with power blocs or making pre-commitments to emerge as a moral force. Elaborating upon the nuances involved in its relevance in the present day's world, the Ministry in written reply stated:

"Since the end of the Cold War, the Movement has been striving to evolve a new basis to act as its focus, mainly in the area of economic and social challenges faced by developing countries such as globalization, new trade and investment regimes and debt; the economic and financial crisis; and food crisis, health and social issues such as AIDS, as well as international terrorism and transnational organized crime. However, on many of these issues, NAM is internally divided, which undermines its effectiveness and influence. Moreover, there is growing tendency in the Movement to try and make it all things to all people.

On its part, India has been emphasizing the need for revitalization of NAM through a contemporary and forward-looking approach by focusing upon those shared challenges that can be addressed through South-South cooperation. We have called for the Movement to have solidarity of purpose and commitment, and a measured, result-oriented approach. India has strongly advocated that the Movement needs to support efforts towards a more democratic, equitable, and legitimized international architecture that reflects the contemporary realities and provides a qualitatively significant voice to developing countries in important global institutions. Hon'ble Prime Minister in his statement at the last (15th) Summit of the Non-Aligned Movement in Sharm El Sheikh, Egypt in July 2009 called for greater role of NAM in addressing global challenges of food security, energy security, environment and reform of the international institutions."

4.6 NAM has played a historical and defining role during the past in view of the then international politics. Based upon its history and experience, India and other like minded countries should make efforts to revitalize it, despite raising a

question mark by several nations over the movement's apparent irrelevance in a post cold war era and largely decolonized world. The Committee feel that inspite of presence of multiple arenas for overall multilateral engagement as well as sectoral and regional multilateral engagement, it is pertinent to have a forum where the developing countries and least developed countries can deliberate and constructively engage on the specific issues to address their concerns and needs and NAM has the potential and essential role in offering such an alternate arena. The relevance and revitalization of NAM in the current world is all the more important because of its advocacy for the United Nations reform and also for expansion of Security Council for a new global order aimed at altering the growing disparities between the developed and developing nations.

In addition, the Committee are of the view that India should enhance its cooperation with different groups and networks of countries in a variety of configurations for different purposes. These include BRICS, IBSA, IOR-ARC, the Community of Democracies, the East Asian Summit and other multi-lateral groupings. In addition, India should play a prominent role in the United Nations' specialized Agencies, notably UNESCO.

(Recommendation No. 18)

C. South Asian Association for Regional Cooperation (SAARC)

4.7 SAARC is one of the major regional initiatives to build bridges within the South-Asian Community. The 17th SAARC Summit was held during November, 2011, with the theme "Building Bridges". Four agreements were signed at the Summit, namely SAARC Agreement on Multilateral Arrangement for Recognition of Conformity Assessment, SAARC Agreement of Implementation of Regional Standards, SAARC

Agreement on Rapid Response to Natural Disasters and Agreement on Establishing SAARC Seed Bank. Elaborating upon the highlights of the Summit, the Ministry in written reply stated as under:

"The Addu Declaration urged SAARC mechanisms to complete work on implementation of SAFTA, conclusion of SAARC Regional Railways Agreements and the Motor Vehicle Agreement for the regulation of Passenger and Cargo Vehicular Traffic amongst SAARC Member States, implementation of Thimphu Statement on Climate Change, completion of preparatory work on Cargo and Passenger Ferry services between India, Sri Lanka and Maldives.

The Summit called for a comprehensive review of aims relating to SAARC's engagement with Observers. The Declaration also called for marking SAARC Media Day and organizing SAARC Trade Fair and Travel & Tourism Fair with the aim of promoting "Destination South Asia". The meeting welcomed the establishment of South Asian Postal Union.

While commending the establishment of South Asian Postal Union, Hon. Prime Minister announced training courses at our Postal Staff College for capacity building. A conclave of top tour operators, a Travelling Exhibition on the Ancient History of South Asia, hundred more scholarships for South Asian University, announcement of establishment of India Endowment for Climate Change, scholarships etc."

4.8 Over the years in different Summits, SAARC has been able to establish a institutional framework for enhancement of regional cooperation and sharing of expertise within the region. Climate change has emerged as an issue of global concern. In this context, the Committee desired to be enlightened about the mechanism that has been evolved for enhancement of co-operation and build consensus on the issue of environmental protection and the strategy to resolve water disputes, particularly, in case of trans-border rivers with neighboring countries in view of the effects of climate change, the Ministry in written reply furnished:

"The 16th Summit in Thimphu underscored the need to formulate a common SAARC position for COP 16 and thereafter, including on issues such as separate financing for adaptation and mitigation as well as technology transfer. Bhutan as Chair of the SAARC presented the SAARC Common Position on

Climate Change at COP16 in Mexico in November-December, 2010. SAARC's request to become an Observer at UNFCCC was agreed to during the COP16. The Ninth Meeting of SAARC Environment Ministers was held in Thimphu in September 2011.

During the 16th SAARC Summit, SAARC Convention on Cooperation on Environment was signed and was ratified by India on 5.10.2010.

During the Seventeenth Summit Hon. Prime Minister announced the establishment of India Endowment for Climate Change in South Asia with the corpus of ₹ 25 crores per annum for projects in relevant areas."

4.9 Elaborating upon the modalities of Indian Endowment for Climate Change in South Asia, the Ministry in written reply submitted:

"The IECC-SA will have an initial amount of INR 25 crores (Rupees two hundred and fifty million) earmarked under MEA non-Plan budget allocation. It will be denominated in Indian Rupees, and may be disbursed, where necessary, in US Dollars also, at the exchange rate at the time of disbursal.

This earmarked Fund will provide up to INR 5 crores (Rupees fifty million) per approved project, to either Government agencies and public sector companies or to projects from nationally-registered private sector firms and recognized national Non Government Organizations, sent with the approval of the proposing SAARC country. Funding will not be available to non-South Asian firms/NGOs or private sector firms. No more than three concurrent projects may be approved per country."

4.10 The Ministry in written reply further stated:

"Applicants would need to produce a Detailed project Report (DPR) or, where necessary, prepare a DPR with assistance from IECC-SA.

DPRs must be routed through the Foreign Ministry of the proposing country, who will send the project with their recommendations to the Indian diplomatic mission concerned.

The projects will be monitored closely by a Joint Monitoring Mechanism consisting of representatives of both the Government of India and the recipient country."

(i) Tele-medicine Network Project

4.11 During the XIII SAARC Summit held in Dhaka in November 2005 Indian Prime Minister proposed to establish a collaborative health care project involving the regional Tele-medicine Network. India offered to be the hub and fund the Project in all the SAARC countries. While furnishing note on the progress of tele-medicine network project, the Ministry in written reply stated:

"Assessment visits have been completed in all the SAARC countries. In the first phase, the Postgraduate Institute of Medical & Research (PGIMER), Chandigarh and the Sanjay Gandhi Postgraduate Institute of Medical Sciences (SGPIMS) Lucknow are connected to designated hospitals in the SAARC countries. Telecommunications Consultants India Limited (TCIL) would be the implementing agent for the technical aspects of the Project. The Project has been implemented in Afghanistan at the Indira Gandhi Institute of Child Health, Kabul since 2009. Currently, proposals for extending the Network to four more locations in Afghanistan viz. Kandahar, Herat, Jalalabad and Mazar-i-Sharif are being processed.

In Bhutan, the Project was commissioned in 2009 connecting the Jigme Dorji Wangchuk National Referral Hospital (JDWNRH), Thimphu. The Pathan Hospital, Kathmandu, Nepal was linked into the Project in January 2011. Currently, plans are also on to extend the Project further to all the SAARC member countries."

(ii) SAARC Tele-education Project

4.12 SAARC Tele-Education Project is one of the commitments made during the XIV SAARC Summit held in New Delhi. An Agreement has been signed between MEA and Telecommunications Consultants India Ltd. (TCIL), New Delhi on 20th June 2008 to implement the Project in Seven SAARC Member Countries. While furnishing the details, the Ministry in written reply stated:

"Tele-Education Services will be provided by Indira Gandhi National Open University (IGNOU), New Delhi to the designated learning centre in the SAARC Member States. Hardware, software and the telecom links for the Project will be

provided by the Government of India. Payment for the courses will be done by students.

An MoU was signed between Government of India and Government of Nepal on 8 June 2009 to implement Tele-Education Project in Nepal.

This project is currently under implementation in Nepal. The technical launch was done on 21st March 2012 between Indira Gandhi National Open University (IGNOU) and National Centre for Education Development (NCED) of Nepal. The Project is planned to be extended to other SAARC countries also."

4.13 SAARC is an important forum for building bridges within the South-Asian community and the region and sharing of experience and expertise within the region. Though the Committee are appreciative of efforts like SAARC Tele-Medicine Network Project, SAARC Tele Education Project and India Endowment for Climate Change in South-Asia the Committee are concerned with the slow pace of these projects. The Committee feel that India should encourage the idea of Pan South-Asian institutes and initiatives and aim for building connectivity within the region. To enhance engagement India should come out with comprehensive proposal for establishment of trans-border infrastructure to establish linkages between the constituent nations as well as to expand physical connectivity with South-East and East-Asia. The Committee are of the opinion that at the platform of SAARC India should make endeavour for enhancing trade, investment and cooperation on issues of management of energy resources in the region as agreed upon by all the members on SAFTA. Similarly, India should also engage and build alliances and policy frameworks on intra-regional level on the issues of food security, climate change, environment protection and management of biological resources and indigenous knowledge. In the same context, the Committee also desire that through the fora of SAARC, all

possibilities should be explored to develop Lumbini as an international centre for Buddhist Studies in the region.

(Recommendation No. 19)

(iii) SAARC University

4.14 At the XIII SAARC Summit in Dhaka in November 2005, our Prime Minister proposed the establishment of a South Asian University with world class facilities and professional faculty and students and researchers from SAARC member countries, for forging a sense of a *'South Asian consciousness'* by bringing together the future generations of South Asians in a common pursuit of quality education. While elaborating upon the progress made so far, the Ministry stated in a written reply as under:

"*The university is now fully operational with the first academic session of the University having commenced on 26 August 2010 on a modest scale from temporary premises with an intake of 50 students in two Masters Courses (Development Economics and Computer Applications).*

The University at present offers eight Academic programmes. It has about 170 students and as many as 30 faculty members on its rolls. For the present, the University is functioning from Akbar Bhawan premises."

4.15 The Committee were also informed about the problems in construction of the University campus and the actual progress made so far.

"As part of India's commitment to establishing the University, the Government is providing 100 acres of land in New Delhi for the construction of buildings and a campus of the SAU. At the request of the Ministry of External Affairs, Delhi Development Authority (DDA) allocated 100 acres of land for the construction of the permanent premises of the South Asian University at Maiden Garhi near Indira Gandhi National Open University (IGNOU).

Of the 100 acres of land allocated for the project, DDA handed over a total of 93.68 acres (85.32 acres of land in February 2010 and 8.36 acres in August 2011). These 93.68 acres has been handed over to the South Asian University by MEA in September 2011. SAU applied for No Objection Certificate (NOC) in November 2011 for construction on 93.68 acres. DDA issued NOC for

83.10 acres and informed about the High Court's Stay Order on the rest of 10.58 acres.

Master Layout Plan of the Campus, preliminary designs of various buildings prepared by the Architects was approved by the Building Works Committee of SAU on 18.10.2011. NOC from DDA for 83.1 acres of land was obtained on 9.1.2012. On 23.2.2012, SAU has applied for MCD approval of the layout plan and service plans. Tendering process is in hand for construction of permanent boundary wall."

4.16 SAARC University was envisaged as an institution of academic and intellectual engagement to forge a sense of South-Asian consciousness in the future generation of the South-Asians and was meant to bridge the knowledge gap in the subcontinent. It was anticipated that such courses would be introduced that may carve out South-Asian identity and build upon the knowledge and linkages among the people of South-Asia. However, after going through the launched academic programmes, the Committee feel that the authorities have been in a hurry in launching the University without properly looking into the standards and quality of curricula to be catered to the targeted group. The Committee, therefore, desire that the courses should be offered keeping in mind the ideals of the University and focused to address the particular concerns of the region and come out with indigenous models and solutions.

The Committee are dismayed to note, that SAARC University is yet to have its own Campus, hostel and a standardized curriculum in place, library and books for issuance to students. The Committee are unhappy about the pace of construction of SAARC University which has forced the University to function

from two temporary campuses at Akbar Bhavan and the Jawaharlal Nehru University with the Centaur Hotel as their Hostel. Now, the major portion of allotted land for the University is in possession, the Committee urge the Ministry to expeditiously work upon the construction so that the University can shift to its own campus with all its academic programmes and intake of students can increase fulfilling the objectives of the setting up of a dream Institution with new benchmarks.

(Recommendation No. 20)

D. India-Africa Relations

4.17 In May 2011, the second Africa India Forum Summit (AIFS-II) was organized in Addis Ababa. This summit built upon the foundations of the historical relationship that existed between India and Africa, and further contributed to designing structure of an enhanced engagement between India and our African partners, Two documents, the Addis Ababa Declaration and the Africa-India Framework for Enhanced Cooperation emerged from the deliberations and adopted at the end of the Summit, which will guide India's systematic enhanced engagement with Africa in the coming years. While elaborating upon the main initiatives taken by India, the Ministry in written reply stated:

> *"At the Summit, Hon'ble Prime Minister Dr. Manmohan Singh, announced many new initiatives to further strengthen our cooperation with Africa. He made several announcements for the next three years, including the availability of Lines of Credit of US$5 billion; a Line of Credit of US$300 million for new Ethio-Djibouti railway line; more than 22,000 scholarships to Africa over the period of next three years; and establishment of more than 80 capacity building institutions in Africa. The proposed institutions include India-Africa Food Processing Cluster, India-Africa Integrated Textiles Cluster, India-Africa Centre for Medium Range Weather Forecasting, India-Africa Institute of Agriculture and Rural Development, 32 regional level institutions, English-language Training*

Institutes, Information Technology institutes, Centre for Rural Development and Vocational Training Centres."

4.18 Regarding the decisions and implementation of the decisions taken at AIFS-I, the Ministry in written reply stated:

"(Indian) Prime Minister, during the first India Africa Forum Summit (IAFS-I), announced a series of important and new initiatives at the Summit which were aimed at strengthening our existing commercial partnership with Africa. These included the Duty Free Tariff Preferential Scheme for the 49 least developed countries, 34 of whom are in Africa. This will cover 94% of India's total tariff lines and, more importantly provide preferential market access on tariff lines for 92.5% of the global exports of all LDCs.

The implementation process with regard to decisions taken at AIFS-I is moving satisfactorily with varying degrees of progress. Location of institutions to be established under AIFS-I have been decided and several implementing agencies have made site visits; prepared detailed project reports in some cases; host authorities have been apprised of their responsibilities; and requisite financial approvals have been obtained for further implementation."

4.19 The Committee take note of multi-dimensional engagement with Africa and the various efforts and initiatives taken by the Government in African Continent on a regional as well as bilateral level. However, the Committee express their concern over the tardy implementation of the decisions taken during India Africa Forum Summit-I (IAFS-I). The Committee desire that the process of setting up various institutes and the initiatives to strengthen the commercial partnership with Africa should be expedited. The Committee hope that with the setting up of Development Partnership Administration (DPA), the pace of setting up/implementation of such and other projects will improve considerably. The

Committee are of the opinion that India should simultaneously enhance its bilateral engagement with the countries of the region and extend technical and economic assistance and developmental aid as per their indigenous requirements.

(Recommendation No. 21)

CHAPTER-V

Grant to Institutions

A. Indian Council for Cultural Relations

The Indian Council for Cultural Relations (ICCR) has been an internationally recognized body engaged in Cultural Diplomacy over the last several years. It is an autonomous body fully funded out of the budget provided by the Ministry of External Affairs. The ICCR has undertaken a rapid expansion in its activities and outreach both inside and outside India. The budget of ICCR for 2012-13 has been kept at ₹150 crores. The Committee note that ICCR has been continuously asking for more funds but it has not been provided the desired funds. In the written reply, the Ministry furnished that:

"ICCR has been constantly submitting its demand for funds with justifications and details duly approved by the Finance Committee and Governing Body of ICCR but sufficient funds have never been provided. The demand vis-à-vis funds allocated for the past three years are depicted below:

(₹ in crores)

Financial Year	Budget Estimates	Funds Allocated
2010-11	166.41	150
2011-12	205.16	140
2012-13	252.30	150

5.2 The Ministry further stated that:

" ICCR cannot achieve the objectives of Cultural Diplomacy if the sufficient funds are not provided"

5.3 Over the years, ICCR has organized a series of important festivals in countries of strategic importance to India, expanded the number of cultural outgoing troops and set up a number of Cultural Centres to augment India's cultural footprints outside. It has enhanced the academic and intellectual engagement with students and the intelligentsia by granting scholarships to foreign students every year. In regard to internal audit and monitoring mechanism in the Ministry to see that funds have been

judiciously utilized with due economic prudence by ICCR in conduct of its various programmes and identification of various private organizations for various purposes, the Ministry in post-evidence written reply stated:

"Regular internal audit is conducted by the Office of Principal Chief Controller of Accounts, MEA and its reports are submitted to Financial Advisor of the Ministry. Apart from this, the audit of Accounts and Performance of ICCR is also conducted by the office of DG, Audit Central Expenditure.

Internal Audit by the Ministry and statutory audit by DG, ACE are the appropriate mechanisms to monitor proper utilization of funds. Budget and Accounts of ICCR are also placed before the Finance Committee of ICCR for its approval.

ICCR chooses service providers from panels established in accordance with the Government of India rules after evaluating their capability in the services required and cost competitiveness through a process of quotations and tenders. These panels have been developed in the areas of taxis for surface transport, packers and air freights, air travel, hotels, audio, light and stage design etc. The panels are approved by DG, ICCR after full process of scrutiny."

5.4 On particulars of scholarship offered by ICCR, the Ministry in written reply stated:

"Council has offered around 3000 scholarships for the academic year 2012-13, of which approximately 1000 scholarships are to be funded from ICCR's budget while the other scholarships are administered as agency work.

The work of ICCR's scholarship division involves deciding on the number of slots and the countries, making offers to those countries through our missions, processing applications for admission to relevant universities, finalising the list of successful candidates, processing their arrival in India and then monitoring their progress and welfare for the duration of their stay in India. In 2011-12, the Council spent Rs, 24 crores on its scholarship schemes, including welfare activities."

5.5 The Ministry furnished the list of various scholarships offered under ICCR's budget and elaborated upon the increasing cost of administering scholarships and stated:

"While ICCR's overall budget has not increased commensurately, cost of administering scholarships increases every year because of increase in tuition fees, hostel rates, medical costs, airfares, and cost of living which is directly relevant to the stipend and house rent allowance paid to the students.

The Council also requires funding support to cover administrative costs involved in managing increasing scholarship numbers, and the expanding scope of welfare activities, as mandated by the Committee on Welfare of Foreign Students set up by the PMO. These activities include receiving students on first arrival and ensuring that they settle down properly, preparing orientation kits for them, liaising with the Universities and their International Student Advisors to ensure that proper facilities are being provided to the students, organizing orientation programmes and programmes to familiarize students with Indian culture and other aspects of India including summer and winter camps and the International Students Festivals in India and abroad, as also programmes to train students in English, Hindi and regional languages etc."

5.6 Elaborating upon the efforts made by ICCR to promote local talent/folk art of India abroad, particularly about art and artists from North East, the Ministry in written reply stated:

"The Council endeavors to promote all of India's cultural traditions and art forms, including tribal and folk arts. A pre-requisite for ICCR sponsorship in the normal course is empanelment of the artist/group with the Council. It is the Council's effort to increase the number of tribal and folk artists who are empanelled with us... Our Regional Offices are also mandated to identify and promote local artists, including from tribal and rural areas."

5.7 ICCR has been playing an important role through various endeavors of cultural diplomacy and also through administering and offering various scholarships. The Committee, however, observe that ICCR is not able to serve to its capability and mandate for the want of funds. The Committee observe that

during the last three years the ICCR has been allocated almost the same fund of ₹ 150 crores against their demand ranging from ₹ 166 crores to ₹ 252 crores this year. The Committee are convinced that with such insufficient fund allocation ICCR will not be able to achieve the objectives of cultural diplomacy. The Committee, therefore, strongly recommend that MEA should make all possible efforts to get allocation of the desired fund of ₹ 252 crores to ICCR at the Revised Estimates stage.

The Committee feel that for exploring the huge potential for building long term bridges with the future generation of various countries, the ICCR should enhance the number of scholarships across the regions. At the same time, the Committee also desire that ICCR should start special scholarships and allot special slots to neighbouring countries as well as countries in the ASEAN region. Special slots should also be dedicated to the students from Latin America. The Committee understand that the cost of administering scholarships has been increasing over the years. The Committee, therefore, strongly recommend that the ICCR's allocation should be enhanced considerably, so that the amount of scholarship is in tune with the requirement of the students/scholars as well as ICCR should have enough fund to support other activities relating to cultural diplomacy.

The Committee also express displeasure over long pendency of opening up of Indian Cultural Centre at Washington and desire that Ministry should make sincere efforts to identify the land/space for setting up of this long pending Centre.

(Recommendation No. 22)

B. Indian Council of World Affairs (ICWA)

5.8 The Indian Council of World Affairs (ICWA), constituted under the ICWA Act 2001 of Parliament as an institution of national importance, is fully engaged in multi-disciplinary research projects, centred around politico-strategic developments in South Asia, Southeast and Asia Pacific, West Asia, Central Asia, China, Northeast Asia, Africa and Europe. While elaborating upon the major activities under ICWA, the Ministry in written reply stated:

> *"While ICWA's in-house research capacity is being steadily built, eminent scholars and former practitioners of foreign policy have been approached to conduct research as offshore projects on specific areas or projects on India's relations with key regions or countries or major international economic issues. ICWA is also exploring visiting fellowship programme for Indian government official from various ministries to conduct research at the Council.*
>
> *Given the evolving profile of the ICWA, there have been requests from foreign scholars seeking visiting fellowships at the ICWA. ICWA has encouraged such engagements and this approach has provided the basis to further strengthen research collaboration with partners and foreign universities.*
>
> *The ICWA has established academic linkages with foreign think tanks to promote ideas and study international affairs. It has signed Memorandum of Understandings (MOUs) with thirty-five counterparts throughout the world.*
>
> *ICWA has commissioned an Oral History project under which former Indian diplomats are approached and interviewed to recall their experiences/ impressions of incidents of the yester years. These recordings (audio) are transcribed into text, edited by the interviewee and published."*

5.9 The Committee are appreciative of various research and associated activities carried by ICWA through seminars and symposium and are happy to note that the requests are being received from the foreign scholars seeking visiting fellowship of ICWA. The Committee feel that ICWA should further enhance such engagement and more provisions should be made for grant of such fellowships, though, due criteria should be evolved for grant of such

scholarships. The Committee are of the view that ICWA should intensify its engagement with Indian as well International think tanks through conducting more such seminars and symposium on the subjects of vital importance. The Committee desire that the ICWA should further build upon its in-house research capacities and capabilities to be able to come out with larger number of qualitative research oriented publications so as to play a role of facilitator in influencing the conduct of India's foreign policy.

(Recommendation No. 23)

CHAPTER-VI

Miscellaneous

A. Nalanda University

The setting up of Nalanda University is an ambitious project to build upon the intellectual and cultural traditions of the South-East Asian Region. Furnishing figures for allocation sought, actual allocation and utilization for Nalanda University during the past years in a written submission, the Ministry stated as under:

(₹ In crores)

Particulars	Demand made	BE	RE	Actual expenditure
Nalanda University				
2009-10	50.00	50.00	1.00	0.24
2010-11	49.50	5.00	2.00	2.21
2011-12	100.00	10.00	10.00	7.16 (upto 25th March)
2012-13	598.95	15.00	-	-

6.2 The Committee desired the Ministry to furnish the reasons for seeking grossly inappropriate allocation for Nalanda since 2009-10 onwards which is not in consonance with the actual ground reality. The Ministry in post-evidence written reply submitted as under:

"In anticipation of its formal establishment, an allocation of ₹ 50 crores was made in BE 2009-10 for the University. Later, the allocation had to be reduced to ₹ 1 crore in RE 2009-10 as the Nalanda University Act itself came into effect only on November 25, 2010. The BE 2010-11 was ₹ 5.0 crores, and that for 2011-12, ₹ 10.00 crores. Hence, there was no inappropriate allocation for Nalanda University during these years."

6.3 The Committee desired to know the Ministry's proposal during Twelfth Five Year Plan, the Ministry stated in a written reply as under:

"The university's expenditure plan for the Twelfth Five Year Plan is based on draft Detailed Project Report prepared by Educational Consultants India Ltd. (EdCIL). As already mentioned, the funding requirements projected are ₹3,553. 70 crores, or US $ 710.74 million, spread over ten years. Out of this, the funding

requirement projected during the 12th Five Year Plan 2012-2017 is ₹ 2443.19 crores.

However, after more detailed analysis and inputs, coupled with actual progress on the ground level, the University is now of the view that the entire amount of capital expenditure may not be required during the 12th Five Year Plan, and may spill into the 13th Five Year Plan."

6.4 Justifying the timeline of the project and the project cost, the Ministry in post-evidence written reply has stated:

"The expenditure plan is based on the Draft Detailed Project Report prepared by EdCIL. This is a working document based on rough estimates, and subject to change. EdCIL has already submitted the Final Project Report, which is under the University's scrutiny, and revised figures will be provided.

Nalanda University is by charter an international University, which should reflect the best standards and practices of similar institutions globally. In making estimates, this fact has been kept in mind. The yardsticks to measure the Univesity's excellence include the student-teacher ratio and the space utilization ratio, etc. The attempt has been, at all times, to adapt international standards to Indian conditions."

6.5 On the issue of any attempt to review the projection made by EdCIL, the Ministry in post-evidence written reply has stated:

"*The Final Project Report has been submitted to the University, which is scrutinizing it. The Report will be reviewed by another agency, if required."*

6.6 When the Committee specifically desired to know as to why the entire amount of the project was sought from the Planning Commission, when it involved contribution from foreign Governments. The Ministry in post-evidence written reply stated:

"The total contributions, pledges and offers by foreign governments and institutions are to the tune of USD 10 million, though the actual contribution

materialized so far is USD 1.1 million, thus leaving a huge shortfall, which the Government of India will have to meet. Thus, entire expenditure will have to be borne by the Government of India, given the quantum of international contributions materialized so far."

6.7 As per the documents furnished by the Ministry, the proposed annual outlay for the year 2012-13 was ₹ 598.95 crores, however, only an allocation of ₹ 15 crores has been made. The Committee desired to know the reasons for seeking such huge allocation for annual plan 2012-13 at this juncture. The Ministry in written reply submitted as under:

"In order to estimate the cost of its establishment, Nalanda University has been working actively with EdCIL (a Government of India Enterprise), who have prepared a draft Detailed Project Report (DPR), after getting inputs from the University, including the Governing Board. All estimates that have been mentioned are based on the DPR.

According to the university's estimates, ₹ 589.11 crores was the projected capital cost for the "Zero" year, or the year in which actual campus construction will commence. It was earlier presumed that this year will be 2012-13. However, it now seems more likely that the "zero" year will be spread over two years: 2012-13 and 2013-14. At this time, the university has not projected how much of the capital expenditure of ₹ 589.11 crores will be required in 2012-2013 and how much in 2013-2014."

6.8 The Committee were not convinced by the Ministry's reply and desired to know the reasons for seeking such huge budgetary allocation, when the University is yet to embark on the global design competition for its campus. The Ministry in post-evidence written reply submitted as under:

"The expenditure planned is based on the draft Detailed Project Report prepared by EdCIL. This is a working document based on estimates that are subject to change. EdCIL has already submitted the Final Project Report, which is under scrutiny, and revised figures will be provided.

Based on the projected timeline for construction, the requirement of capital expenditure for 2012-2013, which was the Development Year, was ₹

589.11 crores. The estimated recurring expenditure during the year was ₹ 15.92 crores After a review of the timeline for the Development Year, this estimate has been revised. This is reflected in the Final Project Report submitted by Ed CIL, which is being scrutinized by the University. It is estimated that the requirement of funds for 2012-2013 will now be approximately ₹ 20 crores."

6.9 Regarding the actual expenditure so far and the actual status of the project, the Ministry in written reply submitted as under:

"……The total funding provided so far to the university in 2010-2011 and 2011-2012, taken together, is ₹ 10.27 crores. ….Construction of the boundary wall has begun. ₹10.19 crores is the anticipated expenditure on the boundary wall, out of which Rs 4 crores has been spent.

The University will conduct a Global Design Competition for design of the campus in the next financial year (2012-13), and refurbish the office given to it by the Government of Bihar in Rajgir. Construction of the campus is expected to begin only towards the end of the financial year, 2012- 2013."

6.10 In this regard, the Committee observed that during the replies furnished by the Ministry on earlier occasions, the Ministry had stated that as per the proposed timeline for construction of Nalanda University, Ministry plans to launch Global Design Competition in July/August 2011 and result would be out by December 2011. In this context, the Committee desired to know the reason for delay in launching of Global Design Competition status of land survey and the likely completion of construction of Boundary wall and beginning of other construction activities. The Ministry in post-evidence written reply stated:

"The Global Design Competition is being conducted by the University. This Ministry has maintained regular consultation with the University on a time-bound conduct of the Competition.

……..To examine the applications and take a decision on the appointment of the Adviser, the Committee is set to meet on April 12, 2012. The Adviser, once appointed, will be given six weeks to prepare the bid documents, after which the Competition will be launched.

The land survey has not been done. For the survey to take place, the land has to be properly demarcated. This has happened only now, after the construction of the boundary wall has begun. The Steering Committee will finalise the terms of reference for the land survey, which would be undertaken soon."

6.11 The Committee desired to know the reason for such timeframe for the project and the reason for having project office at Delhi, rather than at the actual location of the University, The Ministry in written reply stated:

"In order to maximise efficiency and at the same time maintain international standards, the University will initially have to build certain key infrastructure, which may be initially under- utilized, while many other facilities and buildings will be built in phases as the population on campus increases. On the academic side too, the University is going to phase out its schools, so that it can give full attention to each school and ensure global faculty recruitment and development of requisite infrastructure as per the requirement of each school.

The present office of the University in R.K.Puram, New Delhi, is a Spartan office, and was rented by the Government of Bihar to enable the University to operate from New Delhi. In its fourth meeting, held in New Delhi on August 12-13, 2008, the Nalanda Mentor Group felt that, while the location of the University would be in the state of Bihar, a School of International Relations could be set up in New Delhi. It was also pointed out in the Patna meeting of the Governing Board in July, 2011 that the University would continue to have a presence in Delhi even after the campus is built in Rajgir.

The EAS member states, being part of the project, would continue to be in touch with the University and vice-versa, which can be done more easily through its office in Delhi. The Delhi office will also be a part of the public face of the University, especially for the international community, and for the diplomatic missions of other countries. Also, the University needs to interact regularly with the Ministry of External Affairs, which is the administrative ministry for the project, and other ministries and departments of the Government of India, and this can be done more easily from Delhi rather than from Rajgir.

Having the office in New Delhi also helps the University in establishing contact with educators, who, because of the location of the University in Delhi, simply walk into its office. This has enabled the University to work for collaborations with other universities."

6.12 The Ministry further stated

"Besides, the office space provided at Rajgir is in a very bad condition and in a state of major disrepair. There is no sewage connection or water supply in the office. The telecommunication facilities are also inadequate and erratic, and it is difficult to communicate with other offices. The roads are very narrow and congested. As a result, it takes about five hours to cover a distance of 90 km between Patna and Rajgir.

This Ministry, the University and its Governing Board are in touch with the Bihar Government on all aspects of infrastructure development, and are receiving full co-operation from them."

6.13 The Committee further desired to know the reason for location of the School of International Relations in New Delhi instead of Nalanda and whether this cost has been included in the Detailed Project Report prepared by Ed.CIL, the Ministry in post-evidence written reply stated:

"The decision to locate the School of International Relations in New Delhi was taken by the Nalanda Mentor Group and reaffirmed by the Governing Board subsequently. In its fourth meeting, held in New Delhi on August 12-13, 2008, the Nalanda Mentor Group felt that, while the location of the University would be in the state of Bihar, a School of International Relations could be set up in New Delhi. It was also pointed out in the Patna meeting of the Governing Board in July, 2011 that the University would continue to have a presence in Delhi even after the campus was built in Rajgir. As per Sections 3(c) and 4(5) of the Nalanda University Act, the University is allowed to have centres at different places.

The Detailed Project Report, while estimating the cost of the establishment of the said School, has not made any projection for a separate centre of this School in New Delhi."

6.14 The Committee are dismayed to observe the lack of progress regarding Nalanda University Project. The Committee note that during the Eleventh Five Year Plan, the allocation sought by Ministry for the project was grossly inappropriate as compared to the actual ground reality. The proposed outlay for the year 2012-13 was ₹ 598.95 crores while the actual allocation of ₹ 15 crores has been made under the Plan Head. The Committee are not at all convinced by the Ministry's justification in making such huge projections for the year 2012-13 when in all practicality, the University is yet to embark on the Global Designs Competition. The Committee also feel that the time and cost estimate as per the draft DPR prepared by Ed. Cil needs to be reviewed and revised in accordance with the ground realities. The Committee recommend that the Ministry must expedite the process of construction of actual physical infrastructure of this University.

(Recommendation No. 24)

6.15 The Committee note that though the Ministry plans to have a School of International Studies in Delhi along with a Project Office in same city, the financial projections for same has not been made in the draft DPR. The Committee are not at all convinced with the reasons furnished by the Ministry regarding location of the School and Project Office in Delhi. The Committee strongly feel that both these ideas will defeat the very purpose of setting up of the Nalanda University and are against the spirit of the idea of setting up of the University at the ancient place of knowledge. The Ministry may review at the decision to establish School of International Studies at Delhi. The Committee, therefore, desire that the responsibility to develop this Institution should be

given to those who are devoted, genuine and committed to make selfless efforts for development of this prime Institution while sitting at the location of the institution and certainly not in Delhi.

The Committee recommend that the School of International Studies under the Nalanda University should be set up at the main University Campus and having capacity to carve out a unique identity for itself and focus upon the issues of cultural diplomacy and cultural engagement so as to imbibe, build upon and advocate the diplomatic and cultural traditions of the region and should endeavor to be a unique and one of its kind which is highly specialized in subjects that are not replicated or stereotyped by other academic institutions or organization.

(Recommendation No. 25)

6.16 The Committee are very concerned about the contents of the curriculum and the standards & quality of the academic courses to be introduced in the Nalanda University. The Committee feel that the course-content, academic - structure as well as faculty for the Nalanda University should be in consonance with the unique identity and academic character of the University that it is envisaged to be and should be able to live up to the founding philosophy and ideas behind the establishment of this University. The Committee feel that the University should emerge as a valuable resource for promotion of studies and research in oriental cultures, literary tradition and languages and civilization based on the native knowledge systems and it should act as a living repository of cultural and literary traditions of the region. This University should strengthen and build upon the cultural capital and carry forward the thread of

identity and consciousness within the South-East Asian Countries. The Ministry should endeavour to attain the aim of achieving highest intellectual and academic standards of international quality through this University. The Committee further express their desire that the Ministry should also be a part of all such endeavours being made by the international community in this regard in a proactive manner.

(Recommendation No. 26)

B. Energy Diplomacy

6.17 Energy Security is vital for economic growth. Furnishing a note on initiatives undertaken by the Government on Energy Diplomacy, the Ministry in written reply stated:

> *"Because India is not well endowed with energy resources, we are dependent on external sources for oil, natural gas and increasingly for coal. The government has taken a number of initiatives to ensure energy security through energy diplomacy. These include:*
>
> *i) engaging with governments of energy rich countries seeking production blocks on nomination or government to government basis;*
>
> *ii) seeking favorable terms and conditions for our PSUs for their purchases;*
>
> *iii) pursuing the acquisition of oil, gas and coal assets abroad by our PSUs and private sector companies;*
>
> *iv) pursuing diversification both in supply sources and energy mix;*
>
> *v) Participation in energy dialogue in the multilateral forums putting forth India's point of view on issues such as transparency in oil markets and volatility in prices;*
>
> *vi) Entering into collaborative arrangements for research and development, sharing of technology particularly in the area of non-*

conventional energy such as shale gas, renewable energy and energy efficiency.

Indian embassies and missions and the concerned divisions of MEA play a major role in establishing these linkages and pursuing the initiatives outlined above. MEA works closely with line ministries and PSUs and assists them in their external involvement."

6.18 The Committee observe that the Energy Security Unit was set up in 2007 within existing ITP Division in the Ministry which was upgraded as a Division with effect from April 2009. In tune with the mandate of the Division for international energy diplomacy Ministry should engage with other countries across the region in association with the Ministry of Petroleum & Natural Gas and should explore the possibility for acquisition of energy assets abroad and for diversification of supply sources both traditional as well as non-traditional energy sources. The Committee strongly urge the Government to expedite the pace of ongoing energy supply project and particularly focus upon proactive engagement with neighbouring countries on the issue of energy. The Committee are of the opinion that Ministry should also facilitate the Government to enter in energy dialogues at various multi-lateral forums regarding the policy issues related to international oil market.

(Recommendation No. 27)

C. Standing Audit Committee

6.19 Often the activities carried by the Ministry are under scanner of C&AG. As per Outcome Budget, the Ministry has set up a Standing Audit Committee (SAC) to function as Nodal Agency of the Ministry to monitor and review. While furnishing the status and reasons for pending of Action Taken Notes which have not been submitted to C&AG, the Ministry stated:

"There are 12 old Audit paragraphs and 9 recent ones which pertain to the years 2010-11 and 2011-12 that have been received in the Ministry in January 2012. The 9 recent paras have been forwarded to the concerned Divisions of the Ministry, Missions / Posts abroad, and to the Autonomous Bodies under the Ministry for preparation of ATNs. ATNs for these Paras are expected to be

forwarded to Audit for vetting within the stipulated period.

The 12 old Audit Paras are in various stages of pendency. Some have been vetted by Audit and the vetting comments are to be incorporated in the body of the ATN by the Ministry. Some have been re-vetted by Audit and are awaiting final correction in the Ministry. There are some other paras for which the Ministry has asked for inputs from Missions/Post abroad or from the concerned Autonomous Bodies."

6.20 The Committee have been taking note of the various Reports and adverse comments and observations made by the C&AG on various issues of property management as well as various activities undertaken by the Ministry or the organization/institution under it. The Committee are dismayed to note that there have been several instances of pending C&AG Audit Paras. The Committee take note of the setting up of a Standing Audit Committee (SAC) to function as the nodal agency of the Ministry to monitor and review. The Committee hope that the Ministry uses due diligence in its expenditure and should have effective monitoring mechanism in place so as to avoid C&AG's adverse observations. Further, the Committee desire that SAC/Ministry should ensure timely and accurate furnishing of replies to C&AG.

(Recommendation No. 28)

NEW DELHI
04 May, 2012
14 Vaisakha, 1934 (Saka)

ANANTH KUMAR,
Chairman,
Standing Committee on External Affairs

Appendix-I

MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS HELD ON 4TH APRIL, 2012

The Committee sat from 1110 hrs to 1310 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

Present

Shri Ananth Kumar - Chairman

Members

Lok Sabha

2. Dr. Shafiqur Rahman Barq
3. Shri Bhudeo Choudhary
4. Shri Rajendrasinh Rana (Raju Rana)
5. Dr. Bhola Singh,

Rajya Sabha

6. Shri A.W. Rabi Bernard
7. Shri. H.K. Dua
8. Dr. K.P. Ramalingam
9. Dr. Bharatkumar B. Raut
10. Dr. Karan Singh
11. Shri Tarun Vijay

Secretariat

1 Shri K. D. Muley - Director
2. Dr. Ram Raj Rai - Additional Director

Representative of Ministry of External Affairs

S.No.	Name	Designation
1.	Shri Ranjan Mathai	Foreign Secretary
2.	Shri Sanjay Singh	Secretary (E)
3.	Shri Suresh K. Goel	DG (ICCR)
4.	Shri Ashok Tomar	AS (AD)
5.	Shri P.S. Raghavan	AS & Foreign Service Inspector, BRICS/DPA
6.	Shri Basant K. Gupta	AS (CPV)
7.	Shri K.N. Shrivastava	AS & FA
8.	Shri Y.K. Sinha	JS (PAI)
9.	Dr. Jitendra Nath Misra	JS (Nalanda)
10.	Shri H.V. Shringla	JS (BSM)
11.	Shri Gautam H. Bambawale	JS (EA)
12.	Shri Alok K. Sinha	JS (Projects)
13.	Dr. B.M. Vinod Kumar	JS (Parl. & VIP)
14.	Shri Rajeev Shahare	JS (WANA)
15.	Shri Ajay Bisaria	JS (ERS)
16.	Shri Dammu Ravi	JS (LAC)
17.	Shri Muktesh K. Pardeshi	JS (PSP) & CPO
18.	Shri Ravi Bangar	JS (WA)
19.	Shri Jawed Ashraf	JS (AMS)
20.	Shri Manish Prabhat	Director (Finance)
21.	Shri Sanjiv Ranjan	Director (North)

2. At the outset, the Chairman welcomed the Members of the Committee and the representatives of the Ministry of External Affairs to the sitting of the Committee. The Chairman then drew attention of the witnesses to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

3. The Committee then took evidence of the representatives of the Ministry of External Affairs in connection with examination of the Demands for Grants of the Ministry of External Affairs for the year 2012-13 and discussed some important points arising therefrom in detail. The Committee desired that the Ministry may furnish written replies within 7 days to the various points raised by the Members during discussion.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned

Appendix-II

MINUTES OF THE TWENTY-SECOND SITTING OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS HELD ON 4TH MAY, 2012

The Committee sat from 1500 hrs. to 1635 hrs. in Committee Room G-074, Parliament Library Building, New Delhi.

PRESENT

Shri Ananth Kumar – Chairman

MEMBERS

LOK SABHA

2. Dr. Shafiqur Rahman Barq
3. Shri Bhudeo Choudhary
4. Shri Zafar Ali Naqvi
5. Dr. Bhola Singh
6. Dr. Shashi Tharoor

RAJYA SABHA

7. Shri Birendra Prasad Baishya
8. Shri A.W. Rabi Bernard
9. Dr. Bharatkumar B. Raut
10. Dr. Karan Singh
11. Shri Shivanand Tiwari
12. Shri Tarun Vijay

SECRETARIAT

1. Shri K. D. Muley - Director
2. Dr. Ram Raj Rai - Additional Director

2. At the outset, the Chairman welcomed Members to the sitting of the Committee.

3. XXXX XXXX XXXX XXXX XXXX XXXX

4. The Committee then took up for consideration the draft Report on Demands for Grants of the Ministry of External Affairs for the year 2012-13. The Chairman invited the Members to offer their suggestions, if any, for incorporation in the draft Report. The Members suggested some minor modifications. The Committee adopted the draft Report with minor modifications.

5. The Committee then authorized the Chairman to finalize the Report incorporating the suggestions made by the Members and present the same to Parliament.

The Committee then adjourned.